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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

hearings
REPORT OF PROCEEDINGS

[Canada]

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REPORTERS:

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OTTAWA, ONTARIO, FEBRUARY 15, 1938

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

OTTAWA, ONTARIO, FEBRUARY 15, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Parliament Buildings, Ottawa, Ontario, on Tuesday, February 15, at 3.30 p.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS

JOHN W. DAFOE, Esq.

DR. ROBERT ALEXANDER MacKAY

PROFESSOR HENRY FORBES ANGUS

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Commissioners

Commission Counsel:

James McGregor Stewart, Esq., K.C.

Secretariat:

Alex. Skelton, Esq.

Adjutor Savard, Esq.

R. M. Fowler, Esq.

Wilfrid Eggleston, Esq.

Secretary
Secrétaire Français
Legal Secretary
Assistant to the
SecretaryFOR THE FEDERAL GOVERNMENT:

William Dickson, Esq.

C. W. Bolton, Esq.

G. H. Brown, Esq.

Deputy Minister,
Department of Labour
Chief of the
Statistical Branch,
Department of Labour
Asst. Deputy Minister,
Department of Labour

Railway Committee Room,
House of Commons,
Ottawa, Ontario,
February 15, 1938.

AFTERNOON SESSION

At 2.30 P.M. the Commission met.

THE CHAIRMAN: This afternoon we are to consider the work of the Department of Labour, particularly in so far as it covers fields, somewhat similar to that covered by the provinces. Mr. Dickson, will you state the whole case, or will some of your associates deal with it? How would you like to have the matter taken up?

MR. W.M. DICKSON, Deputy Minister, Department of Labour was called.

MR. DICKSON: Mr. Chairman, we have set out the functions of the Department in the memorandum which I have already handed to the Commission. I assumed that the commission might wish to ask certain questions on that memorandum, particularly in regard to those functions which are presently being carried on by both the Dominion and the provinces.

THE CHAIRMAN: Mr. Stewart, our counsel, may ask the questions, and if there are questions you prefer to have some of your associates answer because they are in particular charge of that, ~~work~~ that will be satisfactory, Mr. Dickson.

BY MR. STEWART:

Q. Mr. Dickson, the Department of Labour was organized in 1900? A. 1900, yes.

Q. And the first functions of the Department of Labour were? A. To gather information regarding matters of interest to labour and to the country; and to publish that in a monthly magazine, which was called the Labour Gazette.

Q. And that has been continued down to date? A. Every month it is so issued, together with certain other public-

ations which issue from time to time.

Q. Then successively thereafter there was added to the work of the Department the Railway Labour Disputes Act of 1903? A. Yes.

Q. In 1906, the Conciliation and Labour Act? The Conciliation and Labour Act was originally passed in 1906?

A. The Railway Labour Disputes Act was first, and then the Conciliation and Labour Act in 1906, and the Industrial Disputes Investigation Act in 1907.

Q. In 1909 the Labour Department Act providing for a Minister of Labour was passed? A. Well, that provided that a Minister of Labour should not hold another portfolio. Prior to that there had been no separate minister administering the Department; the different Post Masters General up to that time had administered the department in addition to the Post Office Department.

Q. In 1927 provision was made for the collecting of statistics and transfer from the Conciliation and Labour Act to the Labour Department Act. That is the last of the legislation dealing with the permanent work of the Department, is it? A. Yes, it is.

Q. Turning first to the Labour Gazette, would you indicate briefly the material that is collected and published in that publication? A. I am sorry I have not a copy of the Labour Gazette here, but it appears on the cover page of the Gazette.

Q. Well, just in general. I do not want it in particular, Mr. Dickson, just in general. A. Well, first of all, the current events of interest to labour generally, are covered by short comments. The proceedings during the month under the Industrial Disputes and Investigation Act are covered; strikes and lockouts in Canada are also covered; strikes and lockouts in Great Britain and other

countries are covered. Canadian National Railway employees; Board of Adjustment No. 2, or Board of Adjustment No. 1, the decisions of those boards are also covered; employment conditions in Canadian industries are covered. Then, if there is any special pronouncement made by the minister, that also appears.

Q. Does it cover the provincial announcements, or news items in connection with provincial activities?

A. Yes, any activities across the Dominion, or any new legislation which pertains to labour matters or social matters. That comes after the Dominion matters have been dealt with, -- then the provinces are taken up. Employment and unemployment figures for Canada are also given.

Q. In statistical form? A. Yes. Also employment and unemployment figures in Great Britain and the United States are usually given. The fair wage conditions, which are issued by the Department in respect to government contracts, they also appear. The schedules, or the codes, which issue in the provinces under their various Industrial Standards Acts, they also appear. Statistics also in regard to the retail and wholesale prices are published, together with similar figures for Great Britain; also the cost of living figures are published regularly.

Q. From whom is this statistical information obtained? Is that obtained from the Bureau? A. Some of the figures are obtained from the Bureau, and some are collected by our own staff under a mutual arrangement with the Dominion Statistician. That is set out in the memorandum, sir.

Q. Then, I think you also cover in a special section of the Gazette, the proceedings of the international labour organizations? A. Yes.

Q. At the League of Nations? A. Yes. I omitted that.

Q. Is the Labour Gazette widely distributed? Have you any figures as to the distribution? A. Our distribution is roughly 11,000.

Q. That is gratis? A. No, it is about half and half, sir. The figures for December, December 31st., I think were about 5,800 paid subscriptions, and 5,200 odd gratis.

Q. What is the basis of the distinction? A. The free list, -- it is rather a large list; members of parliament, senators, who indicate their desire for the publication, receive it free; all libraries throughout the country receive it free; officials of other provincial governments, and also foreign governments, when they request it, receive it free. Trade unions all receive it free.

Q. All the locals? A. Yes, as well as the head officers. That mainly covers the field, sir.

Q. Can you tell me what is the number employed in and about the publication of the Gazette?

THE CHAIRMAN: Mr. Stewart, before you pass on, -- that was the free subscription list?

MR. DICKSON: Yes.

THE CHAIRMAN: How about the paid list? What class does that cover?

MR. DICKSON: Mostly workers, and banks and industrial managements also are largely represented in our subscription list.

COMMISSIONER DAFOE: It has an external circulation also, people who are interested in labour conditions in Canada?

MR. DICKSON: Well, yes and no. Much of our external circulation is gratis, to other governments, government officials. I am sorry I have not got our labour intelligence man here. He could give you fuller

information on that. I can send you a classified list of the subscriptions, if that is of interest to the Commission.

THE CHAIRMAN: It was just to get a general idea of the circulation, Mr. Dickson.

BY MR. STEWART:

Q. There are 5200 paid circulations? A. A little over. Fifty-two hundred free, 5800 odd paid. Those are divided between the two languages in the following proportion: there are a few more than 900 printed in English, and approximately 2000 in French. That covers our French circulation. There are 1000 of those that are paid, and 800 gratis.

Q. Then, as to the number of your personnel engaged in the publication? A. There are three. In the circulation and intelligence, whose duties are set out in the memorandum, there are four, with one temporary. Then, also in connection with the publication of the Gazette we have 42 correspondents throughout the country, who receive a very small honorarium for their services, running from \$100 to \$150 per year. They supply us each month with all information which we ask for from their respective districts.

Q. Your statistical branch, to which reference has been made in connection with the Gazette, what is the arrangement between your Department and the Bureau of Statistics? A. I would ask Mr. Bolton to answer that question. He can answer it more fully than I can.

MR. C.W. BOLTON, Chief of Statistical Branch, Department of Labour, was called.

MR. BOLTON: Some of the statistics are collected entirely by our Department; for instance, the strikes and lockouts. The price statistics are collected chiefly by the Bureau, and they are passed over to the Department

for compilation, that is, for analysis. The Bureau also uses the figures for their own purposes. The statistics of wages are collected by our Department, and the Bureau of Statistics gets information of earnings, not wage rates, in the annual census of industry. Then industrial accidents statistics, we collect them; we get most of them from the Workmen's Compensation Board in the various provinces, and we get some from the newspapers. For instance, accidents in agriculture, they do not come under the Workmen's Compensation Board, we have to get them ourselves. Then employment statistics, that is another division. The Bureau of Statistics collects figures from the employers, that is, as to the numbers on their payrolls, and the department collect those from the trade unions. That work is done by the employment service, not by the Statistical Department.

BY MR. STEWART:

Q. Have you outlined all the statistical information collected by your Branch?

MR. DICKSON: There is certain statistical information covered by Mr. Rigg on unemployment.

MR. BOLTON: I have covered all I do.

Q. What is the number employed in the statistical branch? Have you that information?

MR. DICKSON: Our Department is not divided into watertight compartments. There are other functions performed by Mr. Bolton's staff. There is the collecting of statistics. The matter of the wage rates is also covered by him. I would have to break that down. Mr. Bolton's staff, for our own purposes, is considered as part of the administrative staff. If the Commission wishes me to take the time now, I can break it down, but I can send it to you in memorandum form.

Mr. Bolton tells me there are fourteen on his staff.

Q. Who do other work besides the statistical?

A. Yes.

Q. On rates? A. Yes, in the preparation of wage schedules on our Dominion contracts.

Q. The total of that staff is fourteen? A. Yes.

Q. Mr. Dickson, I notice that on wages the Department collects the figures as to the rates, while the Bureau collects the figures as to the number of employees and the earnings in the industries. Do you think it could be done just as efficiently and perhaps more economically if one or the other did the whole of that work?

A. Well, as a matter of fact, sir, more enters into the question of statistics than the mere compilation of data. Our minister is charged with formulating policies on the data which is assembled. There is no one who understands the figures collected so well as the man who collects them, or the conditions which surround those figures, and it is on the conditions that policies must be formulated rather than on the actual cold figures themselves. Consequently, it is desirable, if not necessary, that those who classify the figures and make the deductions from them should be in the Department which formulates the policy. For that very reason, sir, the provinces have found it necessary to set up a staff to collect the information for their own ministers.

Q. But, in connection with the number of wage earners in the different wage brackets, the information is collected by the Bureau entirely, and supplied to the Department? A. That is taken at the census, but the month to month figures we have to gather ourselves.

THE CHAIRMAN: A complaint was made at one of our different sittings in regard to two departments asking for statistics in connection with industry and employment and

wages. Mr. Stewart has asked the question whether the whole work could be done by one Department. Your answer was that your department required the interpretation of the statistics. Why could not your department interpret the statistics ^{equally} well if gathered by the Bureau of Statistics as if gathered by yourselves?

MR. DICKSON: There is undoubtedly, sir, a value in having the information come to you day by day rather than come to you in cold print. The reports we get from our correspondents contain other information than mere figures. Very often the information is the valuable part of the report received. The statistics which we would receive from the Bureau would be, as you will understand, mere figures, without any surrounding or corollative information, which give them an added value. The mere act of collection certainly can be done by one agency.

THE CHAIRMAN: Why could you not furnish the information to the Bureau of Statistics instead of them having to go to the employers?

MR. DICKSON: We do, sir.

THE CHAIRMAN: There are certain statistics for which they go directly to the employers?

MR. DICKSON: They go for the figures as to wages and employment.

MR. BOLTON: Figures which the Bureau gets in this connection from these employers are secured in connection with the annual census of industry. The Bureau asks each man carrying on business, manufacturing, and so on, for his production, his capital investment, his number of employees, and the total wages paid, and those things. They are part of the one whole. The information we get from them is something entirely different; it is simply

the wage rate they pay to the different classes of labour. There is no overlapping in the two reports. We need the information as to the rates, from these inquiries, and we get them from unions also, for the administration of the fair wage policy, and of course, the Bureau is not concerned with that.

MR. G.H. BROWN, Assistant Deputy Minister, Department of Labour: Perhaps, your Lordship, I might be permitted a word. The day to day use of the wages figures that we receive is in connection with the administration of the government fair wages policy, which applies to manufacturers of goods of all kinds, to building work as well, and covers almost the entire field of industry. We have to make sure that the contractors from whom goods are being obtained for government use are paying the current rate of wages. To do that, we have to know what manufacturers are paying in other plants, and so on. That is the day to day use of the wages information. The other, as to the earnings, is a by-product of the census. First, through the decennial census, and more recently the annual census of industry; not primarily made with respect to wages or earnings, but as to production and capital, and all that, but the earnings enter into it to that extent. But on the point of possible coordination of the wages statistics with what we call statistics of annual earnings, the International Labour organization at Geneva is at present considering the adoption of a convention looking to that object, and in anticipation of it being taken up, there have been discussions going on between the Bureau and ourselves as to the correlation of our efforts in this direction.

BY MR. STEWART:

Q. In addition to the Labour Gazette there is published an annual review, as I understand it, dealing with

industrial disputes, Mr. Dickson? A. There is the annual report of the Department each year, which covers all the activities of the Department.

Q. That is in the report of the Department? A. Yes, we have a reprint in the Labour Gazette covering industrial disputes. It is an article which has been reprinted.

Q. Would you explain the work done by the Statistical Branch in compiling the cost of living, and price trends, with a little more detail? You just mentioned it in connection with your activities a little while ago. A. I will ask Mr. Bolton to reply to that also.

MR. BOLTON: The Dominion Bureau of Statistics gets out a report each month from a number of butchers and grocers in each city having more than 10,000 population. They compile those figures to make an average for the city, and forward the figures to the Labour Department. Then we compile it for publication in the Labour Gazette, which shows the prices each month, -- the retail prices of staple foods and fuel, and the rent of a six roomed house. Some of those figures are supplemented by figures we get from the Labour Gazette correspondents, who are residents of those cities. Those figures are averaged for the Dominion and for each province; then we also publish a table showing the cost of a weekly family budget of staple foods and fuel and rent. The purpose of that calculation is to show the rise and fall in prices from month to month. It is a convenient form which is easily understood by the average person, rather than in the form of an index number, which shows percentage changes. It has been published in that way since 1910.

THE CHAIRMAN: I am afraid a good many people have to live on a lower figure than your weekly family budget?

MR. BOLTON: It is not to show the level of living conditions, it is intended to show the rise and fall in prices.

MR. DICKSON: It is an arbitrary classification which was reached at that time, not as a minimum subsistence or even a reasonable standard of living.

BY MR. STEWART:

Q. It is simply each year compared with the basis of 1913? 1913 is taken as the basis?

MR. BOLTON: Yes, the same list of foods is maintained, and the change in the cost of those different articles is shown in the figures published.

Q. The purpose is to show relative trends rather than actual costs? Is that it?

MR. BOLTON: Yes, and then making an index of the number of those changes, using those figures for fuel, food, and rent, and then we have figures for clothing and sundries, -- that is, miscellaneous items, which we get from the Bureau of Statistics. We do not collect anything on that. The result is we have an index number for all items of family expenditures, using the year 1913 as the basis.

Q. Is this feature of the Department's work sought by a good many people? Are there a great many people interested in this index?

MR. BOLTON: Yes, we get a great deal of correspondence asking for special calculations. We send the figures out in advance of publication, every month, to fifty or sixty people and we get a great many requests for special information.

QQ. You also have statistics as to industrial accidents?

MR. BOLTON: Yes.

Q. Those are obtained primarily from the Workmen's

Compensation Boards in the various provinces?

MR. BOLTON: Yes. The figures are printed in the Gazette, with an annual compilation. The Workmen's Compensation Board sends us a list of the fatal accidents recorded with them, and we use that information; we make a total, analyzing causes and other things. We also get from the newspapers other fatal accidents, and we get a great number in agriculture and other industries which are not under the jurisdiction of the Workmen's Compensation Board.

Q. I suppose the statistics such as you have just mentioned, in regard to agriculture, would not be anything like as complete as you get from the Workmen's Compensation Board?

MR. BOLTON: Most fatal accidents, apparently, get in the newspapers, because, in the vital statistics the Dominion Bureau compiles causes of death by occupations, and the number of farmers they have listed as killed agrees quite closely with the number we have, which indicates that we get most of them, or practically all.

(Page 4649 follows)

MR. BROWN: Just a word concerning the value attached to the statistics concerning accidents. It was the compilation of these statistics on accidents, which in the main, formed the basis for the adoption of the Workmen's Compensation Act in Ontario and, I suppose, in the other provinces in which workmen's compensation legislation was adopted. The people connected with labour took a record of the court decisions before the government and said "This is what we are getting with matters as they now stand." They produced a record of the enormous number of fatal accidents, and included also at that time the non-fatal accidents. As you will remember sir, the Chief Justice of Ontario was commissioned to look into the subject of the workmen's compensation and the workmen's compensation Act grew out of that investigation. The Act grew out of the use which was made of those statistics.

Q. Some of the provinces also collect statistics in connection with labour and industrial accidents, do they not?

MR. BOLTON: Yes, the department of mines in every province naturally has to investigate every accident of a serious nature and the reports submitted by that department contain complete information concerning these accidents, the causes, the result of the investigation and so on. The same thing is true in some other industries. Factories, for instance; the things which the province does are entirely in connection with the province's administration.

Q. The reports from the Department of Mines, are those distinct from the reports which you received from the Workmen's Compensation Board?

MR. BOLTON: I think mines are under the workmen's compensation board in every province, so that the figures received from the Compensation Board and those which are published by the Department of Mines would be practically identical. However, this data is sent to us by these departments independently of one another.

MR. BROWN: Any statistics, your Lordship, which are gathered in this manner, are gathered in connection with the operation and administration of individual statutes, and not as statistics.

Q. Are these returns from the nine provinces or as many provinces as do compile these statistics, are they compiled and interpreted in your branch?

MR. DICKSON: Only insofar as the figures concerning fatal accidents, we do not collect the figures concerning non-fatal accidents except in the annual statement which is the article in the Labour Gazette in March. In this article we publish a table of the non-fatal accidents. This is just a supplementary table.

Q. Could not that information be received and tabulated by the Bureau of Statistics just as readily as by the Department of Labour?

MR. BOLTON: Very likely it could; this fact has been under consideration for some time. The Bureau of Statistics secures most of these figures concerning fatal accidents for the compilation of the vital statistics. The Bureau has not concerned itself with the non-fatal accidents. It has been considered for some time that we should get more statistics on all sorts of possibilities, that is, concerning sickness and accident.

Q. That is not done by the Bureau?

MR. BOLTON: It is not generally done. This subject has been under consideration for some time.

Q. Are there any other provincial statistics besides those to which you have referred, that is, the workmen's compensation and the factory inspectors?

MR. BOLTON: The Minimum Wage Boards collect a good deal of information about wages in connection with the administration of the minimum wage acts. For instance, they ask employers, when they have female employees, to send them information as to the wages paid at a particular time in order to see if the Act is being observed.

Q. Do they forward that statistical information to the Bureau of Statistics, do you know if they do?

MR. BOLTON: No, it just goes to the Minimum Wage Boards.

Q. That does duplicate a particular type of information collected by the Bureau of Statistics annually?

MR. BOLTON: No, the figures which the minimum wage boards furnish are detailed. The figures which the wage board gives contains the name of each woman and the amount of wages which she received in two weeks. The Dominion Bureau just gives the amount of time a woman works and the amount she receives for that time. I think the Minimum Wage Board gets this information irregularly in order to surprise the employers.

Q. Are there any other provincial statistics of which you are aware?

MR. BOLTON: The Department of Labour in the province of British Columbia, since it was established in 1917, has always collected a considerable amount of information

concerning labour. For instance, they ask every employer in the province the number of persons who receive wages at certain wage levels. They ask the number of persons employed at \$5.00 per week, then the number employed at \$5.00 to \$7.00, \$7.00 to \$10.00 and so on to any height which they desire to know. They receive this information and compile it for publication in the various reports which the province publishes.

Q. That information is also collected by the Dominion Bureau of Statistics at Ottawa, is it not?

MR. BOLTON: No, but in recent years the Bureau of Statistics has begun the collection of information concerning the number of persons receiving wages at the different wage levels. The Bureau is now compiling information concerning those receiving \$5.00 a week, \$6.00 a week, \$7.00 a week and so on to \$30.00 or \$50.00 a week. This is a new feature which the Bureau is introducing and the results will be published shortly. This is similar work to that done by the province of British Columbia since 1917.

Q. The Bureau has only been collecting that type of information since 1935?

MR. BOLTON: In 1935 and 1936; the results are to be published shortly.

Q. Now, Mr. Dickson, the labour intelligence branch prints a large annual publication, does it not?

MR. DICKSON: Yes.

Q. What is the purpose and scope of that publication?

MR. DICKSON: It is a directory of all labour organizations in Canada, classified under the following headings: International organizations, Canadian organizations and

individual organizations. This publication contains information concerning the membership of these organizations the executive heads as well as the head of the organization, and information of this type.

Q. Has it a wide circulation?

MR. DICKSON: Yes, I am sorry to say that I have not got the exact number of copies issued each year. Do you remember, Mr. Brown?

MR. BROWN: I believe the number is between 5,000 and 10,000.

Q. Is that circulation largely among the trade unions?

MR. DICKSON: Yes, and amongst the employers as well.

MR. BROWN: It is issued gratis to all of those from whom reports are obtained. There is a limited paid circulation.

Q. I do not suppose you could give us the figures as to the paid circulation?

MR. BROWN: No, I am sorry, sir, I cannot. The preponderance of the circulation would be gratis because we feel we are called upon to furnish the organizations and employers who contribute the information with copies of the compiled statistics.

Q. There is also a report on the organization in industry and commerce and the professions in Canada, as a part of the activity of the intelligence branch, is there not?

MR. DICKSON: Yes, but that is not issued every year. It is issued from time to time as we have compiled it. This year it is to be issued, and the last issue, I think, was some four years ago. This report is also in the nature of a gazette. There is no necessity for it being revised each year as there is for the one concerning labour organ-

izations.

Q. From what source does the demand for this publication come, largely, Mr. Dickson?

MR. DICKSON: It comes largely from industry.

Q. Largely from manufacturers?

MR. DICKSON: Yes, the demand comes largely from manufacturers. In other words, the demand comes largely from the employers of labour.

Q. Can you tell me what the circulation is of the new volume as brought out, roughly?

MR. BOLTON: No, it is not quite so large as the others. I believe the department is contemplating putting about 2,500 copies of this issue.

Q. It will be 2, three or four years before this issue will be exhausted?

MR. BOLTON: Yes, the last issue was in 1932, six years ago. The issue of this preport has been somewhat delayed because of the retrenchment policy in government expenditures.

Q. The labour intelligence branch as well as the statistical branch comes within Mr. Bolton's Department?

MR. BOLTON: No, the personnel of the Labour Intelligence Branch links up with the Gazette. I indicated to you that the personnel of the gazette, numbered three and that the permanent staff in the Intelligence branch numbered four with one temporary.

Q. And forty-two correspondents?

MR. DICKSON: Yes.

Q. Your Department has also a branch known as the Library and Research Branch, will you indicate briefly what the activities of that branch are?

MR. DICKSON: The functions of the library staff are

dual. First, they keep up to date a library containing literature on social and labour matters.

Q. Including the periodicals, I suppose?

MR. DICKSON: Yes, and the second function is that of research. The department is continually called upon for information not only on labour matters, but concerning labour legislation. The department is asked for information on particular questions pertaining to labour and industrial matters. The duty of this staff is to collect and supply such information. The staff also analyses the various provincial and federal acts which are passed each year, articles concerning which appear in the Labour Gazette.

Q. Is the personnel of this branch included in the personnel of which you spoke in connection with the Labour Gazette?

MR. DICKSON: No, it is included under the heading of General Administrative Staff. This staff can be broken up under the various headings, if you desire it.

THE CHAIRMAN: Do the labour departments of the provinces carry on similar work?

MR. DICKSON: I suppose they do in order to answer inquiries sent to them. It is somewhat limited, I think, your Lordship, but I assume the provincial governments all have libraries to supply information to the government ministers.

COMMISSIONER DAFOE: I suppose the provincial governments do come to you for information?

MR. DICKSON: They come to us quite often.

BY MR. STEWART:

Q. Is the volume of questions which come into this research branch very heavy?

MR. DICKSON: It is a continuous flow of questions.

Q. I suppose personal replies are sent out, are they not?

MR. DICKSON: Yes, the replies are drafted either for the minister, the deputy, and sometimes for the chief of the library staff herself.

Q. I notice this department publishes an annual report on labour legislation throughout Canada, is that published as a supplement to the Gazette?

MR. DICKSON: No, it is a separate publication and is issued under the authority of the Labour Department Act.

Q. The material in it would be covered by the twelve issues of the Gazette?

MR. DICKSON: Yes, fairly well.

MR. BROWN: Not as to the text; the Gazette contains merely a reference to the legislation, whereas the report on labour legislation contains the text of the legislation.

MR. DICKSON: The Gazette might carry a paraphrase of the Act. The intention of this last mentioned report is to print the full text of the legislation.

Q. You print the full text of all labour legislation passed during the year?

MR. DICKSON: Yes, the full text of all labour legislation passed during the year.

Q. Then from time to time, there is a consolidation of these reports in order to bring the whole thing up to date?

MR. DICKSON: Yes, that is correct. This report, I might say, is in great demand in all quarters.

Q. Is the personnel of this branch part of the general administrative staff of your department?

MR. DICKSON: Yes, it is.

Q. I understood you to say that this could be readily broken down?

MR. DICKSON: It would only take a few moments if you wish it.

Q. Perhaps you could do so at the conclusion of your remarks.

MR. DICKSON: I can make a note to supply the Commission with that information.

Q. The next activity to which you refer is the conciliation and labour Act, which commenced in 1900 and has been amended and consolidated into the Railway Labour Disputes Act of 1903?

MR. DICKSON: That is correct.

Q. That is administered by your department?

MR. DICKSON: Yes, it is.

Q. Have there been many proceedings under that Act?

MR. DICKSON: Yes; all our conciliation activities are carried on under the Conciliation and Labour act. In connection with industrial disputes, conciliation services are called into play right along. The authority under which we set up a staff and the authority under which that staff operates is found in the Conciliation and Labour Act. The two Acts are very similar, as you will have noted.

Q. The object, I suppose, of the department is to avoid actual arbitrations and the number of actual arbitrations which have been held would not be a true index to the activities of this branch?

MR. DICKSON: By no means, sir. The department operates on the principle that the sooner an interruption in industry can be mended, the better, and the less interruptions which occur, the better it will be for every one

concerned. It is for this reason that the conciliation service is called into activity as soon as possible wherever the dispute is within the ambit of our jurisdiction.

Q. Can you give the Commission any idea as to the number of matters which come before this branch of this department, the extent of the activities of the department in the working of this Act?

MR. DICKSON: This information appears monthly in the Labour Gazette, sir. There have been, I might say, applications for boards under the Industrial Disputes Act, which is quite separate from the conciliation services, numbering 888. This is the number of applications which received since the Act came into operation in 1907. The number of boards which have been granted is 564 and the number of disputes in which strikes have ^{not} been averted, by reason of the setting up of the board is 39 in the past thirty years. The number of cases in which the conciliatory services acted when no application for a board had been received, would be far in excess of the figure which I have given you.

Q. You have no actual statistical information?

MR. DICKSON: No, sir, I do not think such information has been kept.

Q. I suppose the disputes would arise in such a way that it would be almost impossible to keep such information?

MR. DICKSON: One instance of this which may be cited, would be the strikes which occur at the pithead in the western coal mines. These strikes occur monthly or even weekly in the mines. Very few applications for boards have been received, but our conciliation officer who is located at the coast is continually called upon

to render his assistance in obtaining a settlement.

Q. The personnel concerned with the administration of the Conciliation and Labour Act, and those who administer the industrial disputes investigation act, are the same. are they not?

MR. DICKSON: We have no other staff under the Industrial Disputes Investigation Act. There is only one officer under this Act and that is the registrar. The deputy minister has been the registrar since this act came into operation. The conciliation service, as I have already indicated, is carried on by our conciliation staff.

Q. Consisting of---

MR. DICKSON: I do not think I have given you that figure. Two services are linked up and the functions of our fair wage officers are carried on by the conciliation officers. In these two services, we have ten permanent employees and five on a temporary basis.

Q. Are they all in Ottawa?

MR. DICKSON: No, in Ottawa, we have, at the present time, four officers and the necessary stenographic assistance. The whole service is covered by the figures which I have given you, the ten permanent and the five temporary employees.

Q. Now, in connection with the Industrial Disputes Investigation Act. As a result of the decision of the Privy Council in 1923, there is some cooperation between the provinces and the Dominion, would you just outline what that cooperation is?

MR. DICKSON: The Dominion Act was amended at the

time its validity was challenged in 1923 and the amended Act restricts the jurisdiction of the Dominion to that which is named in the act and which, under section 47, are specified in greater detail. The things which are covered are listed as follows, interference in navigation in shipping; lines of steam or other ships, railways, telegraphs, canals, ferries, and other works extending beyond any one province; works operated by aliens, works declared to be for the general advantage of Canada, or for the advantage of two or more of the provinces; and works of any company incorporated by or under the authority of the parliament of Canada. The application of the Act is also defined as extending to any dispute which the governor in council may in apprehended national emergency declare to be subject to the provisions of the Act, and to any dispute within the exclusive control of the provinces which is brought within the scope of the federal Act by provincial legislation.

Q. Has the provision concerning the governor in council been put into effect at all.

MR. DICKSON: During the last war, certain orders-in-council were passed making it illegal for workmen to go on strike in any industry allied with those making munitions.

THE CHAIRMAN: Then, that provision was not an amendment which grew out of the Schnieder decision?

MR. DICKSON: No.

MR. BROWN: It is, in its terms, an amendment which grew out of the Schnieder decision.

THE CHAIRMAN: The Schnieder decision was in 1923.

MR. BROWN: That is quite correct, sir; there was no

previous supervision under the Act before the Schnieder decision, although during the war a number of orders in council were passed under the War Measures Act.

COMMISSIONER DAFOE: It was assumed that there was no question of jurisdiction?

MR. BROWN: No, not under the War Measures Act. Under this legislation of the Industrial Disputes Act and because of the War Measures Act, the matter was quite thoroughly covered.

MR. DICKSON: Then to continue the answer to you, sir (Mr. Stewart), the decision of the Privy Council brought the matter within the exclusive control of the provinces. This matter was brought within the scope of the Act by provincial legislation, and arising out of that, eight of the provinces passed enabling legislation. British Columbia passed enabling legislation in 1925, Nova Scotia in 1926, New Brunswick in 1926, Manitoba in 1926, Saskatchewan in 1926, Alberta in 1928, Quebec in 1932, and Ontario in 1932.

THE CHAIRMAN: How could the province give the Dominion jurisdiction if the Dominion did not have that jurisdiction?

MR. DICKSON: Well, you are asking me rather a stiff question, Mr. Chairman. Section 94 of the British North America Act reads as follows:

"Notwithstanding anything in this Act, the Parliament of Canada may make provision for the uniformity of all or any of the laws relative to property and civil rights in Ontario, Nova Scotia, and New Brunswick----

These were the only provinces in Canada at that time with the exception of Quebec.

"--and of the procedure of all or any of the courts in any of those three provinces, and from and after the passing of any act in that behalf the power of the Parliament of Canada to make laws in relation to any matter comprised in any such act, shall, notwithstanding anything in this Act, be unrestricted; but any Act of the Parliament of Canada making provisions for such uniformity shall not have effect in any province unless and until it is adopted and enacted as law by the legislature thereof."

I assume it was under that Section that this legislation was passed.

MR. BROWN: The provinces, in the fullness of their discretion in control over local matters had utilized this particular machinery, that is, their machinery; therefore the Federal Act applies to the extent it does to the local, provincial field by virtue of this provincial legislation.

THE CHAIRMAN: If it had been granted under Section 94, the provinces would lose jurisdiction.

MR. BROWN: The action of the provinces is not attributed to that authority, it is following the decision of the Schnieder case by the Privy Council. The provinces, in the fullness of their control over local matters, utilized this particular machinery, and our Act functions by virtue of the provincial legislation.

THE CHAIRMAN: Then there is nothing in any of the provincial acts adopting the federal act or making it binding under Section 94?

MR. BROWN: The question which your Lordship raises is one, of course, for a legal mind, not for me. I assume there was nothing to prevent the provinces passing

an act similar to our Industrial Disputes Investigation Act.

THE CHAIRMAN: No that would be a matter which would fall within the competence of the provincial government.

MR. DICKSON: Yes, and they province could name the Dominion Minister of Labour as the person who should do all the Acts required by that legislation. However, they did not do it in that manner. The province passed an Act in these terms, and these terms are practically the same in all provinces with the exception of Ontario. Ontario exempted industries which were passed over to federal jurisdiction. The exemption concerned any commission or any industry in which the employees were receiving their remuneration from the Crown. I am reading from a copy of the Dominion Industrial Disputes Investigation Act in force in New Brunswick. It is chapter 158 of the revised statutes of that province, 1927. The Act was passed in 1926 and was chapter 17 of the Statutes of that year. It reads as follows:

"Chapter 158:--

1. This Act may be cited as the New Brunswick Industrial Disputes Investigation Act, 1926, Chapter 17.

2. The provisions of the "Industrial Disputes Investigation Act, " chapter 20 of the Acts of the Parliament of Canada, 1907, * and amendments thereto, shall apply to every industrial dispute of the nature therein defined which is within or subject to the exclusive legislative jurisdiction of the province. 1926, Chapter 17, Section 2.

(* Revised Statutes of Canada, 1927, Chapter 112.)

" 3. The Lieutenant-Governor may by proclamation apply the provisions of any amendment to the said Act which may hereafter be enacted by the Parliament of the Dominion to every industrial dispute of the nature in said Act, defined which is within or subject to the exclusive legislative jurisdiction of the province, whereupon those provisions shall apply accordingly, 1926, Chapter 17, Section 3."

MR. STEWART

Q. British Columbia has recently repealed its legislation concerning the Industrial Disputes Investigations Act?

MR. DICKSON: Yes, in 1937.

Q. Prince Edward Island never passed any enabling legislation?

MR. DICKSON: No, it did not.

Q. The Fair wages activities of your department apply to contracts to which the Dominion government is a party?

MR. DICKSON: Contracts for the construction, remodelling, repair or demolition of any work in which the government of Canada might be interested.

Q. Your department also sets the standard for the government of certain classes of goods and materials?

MR. DICKSON: Yes.

Q. That policy is carried into operation by your conciliation officers?

MR. DICKSON: Well, as I have indicated before, we have two activities linked up together. Our western representative is both a fair wage officer and a conciliation officer. Our Ontario officer at Toronto is in the same position as well as our eastern representative at Montreal. The staff at Ottawa is used in compiling

schedules and in statistical work. The staff at Ottawa is also used in conciliation activities.

Q. Do any of the provinces maintain a similar policy?

MR. DICKSON: Oh yes, they have their fair wage officers, that is for their own provincial works.

Q. For their own province?

MR. DICKSON: Yes.

Q. Are the wages used by the Dominion in any particular province the same as those used by the province for works within the province's territory?

MR. DICKSON: Quite frequently they are the same. In one or two of the provinces, for a time, the Dominion rates were higher.

Q. Do the provinces base their determination as to what are fair wages on the same factors which are used by the Dominion?

MR. DICKSON: Yes, they are determined in the main by agreement between the various crafts and contractors. Our Act calls for them, in all cases, to be current in the district where they are considered fair and reasonable.

Q. Does the Dominion fair wage officer in the various provinces cooperate with the provincial authorities in working out provincial fair wage scales.

MR. DICKSON: No, but he is closely in touch with the provincial scales and keeps very fully informed concerning any changes which might occur in the scales.

Q. As I understand it, it is exactly the same problem where a province is having work done within its own territory or the Dominion is having work done in that province, you are both seeking to have a normal wage scale for that district adopted by the parties to the contract.

MR. DICKSON: If the scale is fair and reasonable in our judgment.

Q. Yet you do not work in cooperation in arriving at what is a fair wage?

MR. DICKSON: As I have indicated, this department has before it at all times, the provincial rates as set out in the provincial scales as well as the rates which have been reached by agreement between industry and labour.

MR.STEWART: Do you think further co-operation by the provinces might result in increased efficiency or some economy, if they were to accept the findings of the Dominion Department as to whether fair wages obtained in the various districts?

A. Do I understand you to ask me whether the Dominion could cover the whole field?

Q. Yes? A. I see no reason why that would be impossible.

Q. Or on the other side could the Dominion accept the fair wage schedules of the various provinces without further investigation?

A. In many instances we adopt them. Where they have issued codes, in order to obviate any confusion and to have uniformity, we adopt them.

Q. Once a Dominion contract of the class to which the fair wages clause applies has been entered into, your department maintains an inspection staff, does it not, to see that the fair wage clauses are carried out?

A. To an extent. The conditions of contract call for the schedules which we supply for inclusion in the contract being posted on the work being constructed. Each workman in each class then becomes a detective to inform us whether or not the conditions of contract are being carried out. If they are not the complaint immediately comes to us and that is immediately investigated.

Q. Under the system it is hardly necessary to do any detective work; that is pretty well done for your

department, I imagine? A. Every man on the job is a detective.

Q. But your fair wage officer is available there?

A. As I have indicated there is a staff in the West, one in Ontario, and one in the East, and the staff at Ottawa, where complaints are at once dealt with.

Q. You are charged with the administration of the Employment Offices Co-ordination Act of 1918?

THE CHAIRMAN: Mr. Stewart, just before passing that, might I return for a moment to the Industrial Disputes Investigation Act? Do any of the provinces under their own legislation have similar provisions to those contained in the Industrial Disputes Investigation Act in the Dominion?

MR. DICKSON: Yes, my Lord.

THE CHAIRMAN: Each of them generally? I do not want in detail.

MR. DICKSON: I have that someplace in my memorandum, I think. New Brunswick has just passed such an Act, and Manitoba.

THE CHAIRMAN: Here is the point I had in mind, Mr. Dickson: Assume they have provisions under their Act dealing with industrial disputes and they also have an Act saying the federal act shall apply, how are the two reconciled?

MR. DICKSON: The federal act only covers a limited field.

THE CHAIRMAN: What I mean is, assuming the province has passed an act, such as you suggested making the federal act apply such power as it has in respect of a labour dispute within the provincial jurisdiction, then getting back to my original question: Do any of the provincial statutes also provide for the settlement by an officer of the province of industrial disputes arising within the province and within the provincial competence?

MR. DICKSON: Yes, the federal act, as you will recall, covers only, broadly speaking, public utilities.

THE CHAIRMAN: Yes.

MR. DICKSON: There is the whole field of industry outside of that, private industry. Some of the provinces now are deeming it advisable to set up machinery to deal

with disputes arising in industry generally outside of the sphere of our Act. In the matter of conciliation, of course, I do not know that it is necessary to have any act, anyone can offer his services as a conciliator.

THE CHAIRMAN: No, I was thinking of industrial disputes. I see that division. Then, is the effect of provincial legislation, where it is enacted, this: That in disputes which are not of the character covered by the Industrial Disputes Investigation Act of the federal Parliament, the province has set up machinery for dealing with such disputes, but insofar as the disputes are of the class covered by the Industrial Disputes Investigation Act, they have provided that the machinery set up in the Industrial Disputes Investigation Act shall apply.

MR. DICKSON: That is all but the case of British Columbia which last year, just towards the end of the year, rescinded its enabling act and has set up its own machinery to deal with all disputes which fall within provincial jurisdiction.

THE CHAIRMAN: Then this further question: Has the Dominion Department of Labour been called upon under these various provincial acts to investigate many disputes arising within the provinces under the Industrial Disputes Investigation Act?

MR. DICKSON: Yes, I indicated that we had been called upon in the thirty years of the life of the act ---

THE CHAIRMAN: No, I am only speaking of since the decision of the Privy Council and since these provincial statutes have been passed, as you say, providing that the provisions of the Industrial Disputes Investigation Act, Dominion, shall apply to disputes in the province. Have there been many cases where your Department has been called upon to act?

MR. DICKSON: In every dispute that arises in the coal

mining industry, that would fall within the category you mention, or street railways. I could not indicate just what the proportion would be, but I would think that the proportion would be large.

COMMISSIONER DAFOE: You do not wait for the provincial initiative, you go ahead on your own?

MR. DICKSON: As soon as an application comes in there devolves upon the Minister an obligation. As soon as an application is received, the Act reads, when an application is made in accordance with the provisions of the Act, the Minister shall set up a board.

COMMISSIONER DAFOE: There has been no case where the Dominion and the province tried to settle the same dispute at the same time? You never get your wires crossed?

MR. DICKSON: No, I do not think that was the case. There is provision in the Act too, my Lord, that where an industry does not fall within the category of the industries named in our Act, but is one outside of that, if both parties make application to the Minister for a board, the Minister has the authority to set it up. There might arise conflict there, where one party might make application to the province and the other party to the Dominion, but in cases of that kind we do not proceed unless and until both parties make the application or are agreeable to a board being set up. Our conciliation service very frequently operates in co-operation with the provincial officers. Where application is made to us and to the province we get in touch with the province to ascertain whether they are handling it or if they desire our co-operation, or if they desire us to handle it.

COMMISSIONER SIROIS: In connection with this provincial legislation, you have twice used the expression

"enabling". Has not the Privy Council decided upon those social acts that the provinces cannot by enabling legislation give to the federal law, which is ultra vires, an opportunity of being intra vires? Has not that question been raised in connection with the unemployment legislation?

MR.DICKSON: That is the question which his Lordship asked a few minutes ago. I can only say to that, that we have been operating under the provisions of the enabling act and on the basis of that enabling legislation since 1924.

COMMISSIONER SIROIS: Yes, but I am speaking of the decision of the Privy Council in 1935.

MR.DICKSON: But unless and until the court determines the question which you have asked I do not think we have any other option but to continue to function.

COMMISSIONER SIROIS: You are just waiting. Because that question has been raised in connection with unemployment insurance.

MR.DICKSON: Yes.

MR.STEWART: As to the Employment Offices Co-Ordination Act of 1918, Mr. Dickson, would you explain the functions of your staff in that work?

MR.DICKSON: The legislation, of course, as you are aware, Mr. Stewart, provides for the Dominion assisting the provinces to the extent of \$150,000 a year in maintaining a free employment service within the province. That \$150,000 is divided between the provinces pro rata to the ratio which their expenditures bear to the aggregate expenditures of all the provinces. We have, of course, to see that the amounts paid to the provinces are in accordance with the Act. That is only the small end of it though.

Q. Does that necessitate an audit of the provincial accounts to ascertain their expenditures?

A. An itemized statement is received each month. The other function of the department under the Act is that of co-ordinating the efforts of the provinces.

Q. Yes, and how is that brought about? What activity is designed to have that effect? A. Each year there is an agreement entered into between the Dominion and each of the provinces, the terms of which set out the manner in which the service shall be run, and which provides for uniformity of procedure in all the provinces.

Q. And interchange of information between the various provinces? A. Yes.

Q. Is that work that could be done by the provinces without the intervention of the Dominion? Could it be satisfactorily done by the provinces without the intervention of the Dominion as a co-ordinating factor in it? A. You have an adjective there that makes it hard to answer, you have put in the word "satisfactorily".

Q. Yes? A. In that connection I think I might answer it by using the words of the National Employment Commission.

THE CHAIRMAN: Is this the interim report?

MR. DICKSON: Yes, their interim report, sir. The final report is not yet out. This is a memorandum which I have from Mr. Rigg, the superintendent of the service:

These results, it is submitted, can be much more effectively achieved by the centralization of authority and responsibility. The Employment and Social Insurance Act, 1935, embodied this principle. The National Employment Commission in an Interim Report submitted to the Honorable, the Minister of Labour on July 31st, 1937, reported as follows on the Employment Service of Canada:

'Early in the Commission's investigations it became evident that the first and most vital step

necessary to the successful handling of employment, re-employment and Aid administration problems is the development of more efficient Employment Services throughout Canada. The present Provincial Employment Services are in practice unfitted to meet the exigencies of the situation. Divided responsibilities and diversity of aims between different Provinces; unequal development as regards numbers, types and functions of local offices; unsuitable locations of premises; defects in Provincial boundaries when used as economic administrative units, etc., have all tended to result in the Provincial Employment Services not being utilized fully either by employer or by employee.

'The provision of a proper link between employer and employee; of local advisory councils supplementary to local Employment Service offices in order to provide focal points for attacks on local problems; of means for gauging the relative degree of employability of those in receipt of Aid, are of pre-eminent importance if any real progress is to be achieved in handling unemployment problems. Indeed this is the experience of other countries also.

'Bearing in mind the desirability of uniformity of practice where financial Aid for the Dominion is in question; of freedom from local pressure in administration; of a Dominion source of local information independent of Province or Municipality in respect to unemployment assistance, etc., the Commission recommended in August, 1936, that the Employment Service be administered nationally. In any case the situation requires increased and improved service which will cost more, but it is recognized

that national administration in itself would not add anything to the total cost to the country as a whole. The Commission, however, believes the extra cost to the Dominion Government of the transfer from the Provinces would be more than offset by efficiencies, and, therefore, economies which would result."

Q. Then you have in effect answered not only the question I have just asked but the one I was going to ask, in the alternative? A. Yes.

Q. May I ask whether that quotation you have just read coincides with your view as to the work of a National, as distinct from a provincial organization to carry out the employment services? A. Yes, it does. In a provincially controlled system there is apt to be, in times of financial stress, a curtailment of service in one province far and beyond that which might occur or would probably occur if it were under federal jurisdiction. In 1931 British Columbia had services in eleven centres. In 1937 these had been reduced to eight. Alberta in 1929 had five and in 1937 it still had five. Saskatchewan in 1929 had nine; in 1937 it had seven, or it has seven at the present time. I might say that these figures all represent the present set-up. Manitoba in 1929 had three, it now has two. Ontario in 1929 had twenty-five, it now has twenty-eight. There has been an expansion there, whereas in some of the other provinces there has been a contraction. Quebec in 1929 had services in eight centres, it now has eleven. This does not mean eleven separate offices, it refers to centres. There may be more than one office in a centre. New Brunswick in 1929 had three, it now has four. Nova Scotia had three, now has four. I cite those figures to show that while in some provinces

it has been found necessary to increase the service by reason of the greater demand for jobs, in other provinces the service has had to be curtailed. If it was all under one jurisdiction, if there had to be curtailment, it would be evenly distributed over the provinces, I imagine. It would not be irregular or unequal as it necessarily is where it is left to the financial status of the province.

COMMISSIONER DAFOE: The provinces decide all those questions, the number and the staff employed?

MR.DICKSON: Yes.

COMMISSIONER DAFOE: They pick the personnel?

MR.DICKSON: Yes, all except in one branch, that is the handicap service, a service which is supplied for ex-service men who are handicapped by reason of war disabilities. That was recognized as a federal responsibility and the federal government has appointed officers and maintained them, paid their salaries, in the provincial set-up, but they work in co-operation with the provincial authorities, although we maintain the service.

MR.STEWART: You have eleven such officers attached to your branch?

MR.DICKSON: Yes. They are all outside of Ottawa.

MR.STEWART: In connection with the employment of disabled soldiers?

MR.DICKSON: Yes, one outside man, one in Ottawa, but he is outside of our central office.

Q. What is the personnel of your employment service?

A. Twenty-six permanent, including the eleven you have mentioned, and three temporary employees.

Q. The eleven are primarily working on the employment of disabled soldiers? A. Yes.

Q. The other fifteen--? A. They are performing functions which would otherwise be performed by provincial officers

if it were not for the fact that the Dominion recognizes the return soldier problem as one which we should look after.

Q. Do they work in co-operation with the Provincial Employment Service? A. Yes, they work right in the Provincial offices.

Q. Right in the offices? A. Yes. And I may say they are under the jurisdiction of the provincial offices.

Q. You also have a technical education branch, Mr. Dickson? A. Yes.

Q. That branch was formed for the purpose of carrying out the policy of the Dominion Parliament as set out in the Technical Education Act of 1919? A. Correct.

Q. Whereby ten million dollars was voted to be expended over a period of ten years? A. Yes.

Q. And there are two appropriations which have not yet been exhausted under that Act? A. Just one. Since this memorandum was prepared the one in Saskatchewan has been exhausted and only Manitoba remains now.

Q. Mr. Dickson, are you in a position to state whether the assistance given by ^{the} Technical Education Act of 1919 to the provinces has been effective and beneficial?

A. Judging from the importunities - I won't use such a strong word, - but the desire of the provinces for its service, I would say yes.

MR. BROWN: Supplementing that statement might I say on the basis of the statistical information very decidedly yes.

COMMISSIONER DAFOE: On the same percentage basis or hand-outs? I mean unconditionally?

MR. BROWN: On the basis of the figures, I would say. The figures are published in the reports on technical education work for some years past and they do clearly indicate

that there has been growth in the number of schools, in the number of classes, in the number of pupils and in the teachers and equipment as well, a very remarkable growth in the development of the object in view, which was to promote technical education.

MR.DICKSON: I take it your question, Mr.Dafoe, was whether or not the same basis of assistance should be continued? You did not ask whether any assistance was desirable or not.

COMMISSIONER DAFOE: We have heard in provincial representations that they are strong for subsidies on technical education, but the provision that the province has got to put up dollar for dollar has been explained as making it difficult for the province to accept the grants. There is also the statement that they were obliged to put up buildings, and with the lapsing of the grant they were left with a problem on their hands, left holding the bag, so to speak.

MR.DICKSON: That, of course, you will recognize, is a matter of policy.

MR.BROWN: When the government embarked on the policy of technical education assistance in 1919 it was done following an exhaustive inquiry by Dr.James W. Robertson and others, and is definitely based on the idea that it would be of a temporary nature.

MR.STEWART: In order to stimulate the provinces?

MR.BROWN: Quite so.

MR.DICKSON: The mere fact that the Act was limited as to time indicates that.

MR.STEWART: Q. Is there any portion of the personnel of your department detailed especially to this branch?
A. Just one officer, and of course the accountant. He appears in the picture too on occasion as he does in every

financial question arising in the department.

Q. Now, you have an Annuities Branch, Mr. Dickson?

A. Yes.

Q. That branch was organized in what year? A. 1908.

Q. When the Government Annuities Act was passed? A. Yes.

Q. How many of your staff are attached to this branch?

A. I might qualify my last answer to this extent, Mr.

Stewart: The Annuities Branch has not always been with the Department of Labour, but it was in the first instance attached to the post office department, in view of the fact that the Post-Masters throughout the country acted as officers in the selling of annuities and receiving of the moneys. Answering your last question, there are twenty-one permanent officers in the branch and nineteen temporary, and then there are sixty-one agents who are selling annuities on commission.

Q. Is this branch self-sustaining? A. Do you mean as regards the administrative costs?

Q. Yes? A. No, the Act provides that all administrative costs shall be paid out of a vote of Parliament. The annuities are sold at cost, the actual cost, based on an actuarial basis.

Q. Has the price of the annuities varied from year to year at all? A. The rates were changed about a year ago.

Q. Was that not on account of the fact that the experience showed an actual loss, apart from administrative costs?

A. It was claimed that the rates which were used, which were the rates set out in the British tables of '22, were not actuarially sound. The mortality tables were not up to date. Consequently a year ago our rates were temporarily raised and at the same time an expert was brought in to examine our rates and to examine our experience, and to advise the Minister as to what change should be made in

the rates based upon that experience.

Q. Are they considered now to be actuarially sound? A. Quite.

Q. So that the fund is self-sustaining? A. Quite.

Q. Apart altogether from administrative costs? A. Apart altogether from administrative costs.

MR. BROWN: And apart from our own view as well, we have had a check on that point by two of the leading actuaries of the country, Professor McKenzie of the University of Toronto, and Professor Sheppard collaborating in that study, to satisfy us as to the mortality tables being what they should be.

MR. STEWART: Just to get this more clearly, is it only from last year on that it is on a sound basis, or including its whole activity?

MR. DICKSON: Last year the rates were raised 15%, just a flat raise of 15%, pending this investigation. We have since received Professor McKenzie's report and last month the Council approved new rates based on his report. Those rates range from 8% to 18%, higher than were in effect up to a year ago, but the average is less than the 15% by which they were increased a year ago.

Q. Then I understand that on the business taken up to a year ago there is an expected loss but the business taken since that time should be without loss and without profit?

A. Well, you must take into consideration too, the fact that during all the years, from the inception of the Act, the Government has been getting this money at 4%, that is the return that is made to the annuitant; during that period they were paying as high as five, five and a half per cent, and sometimes higher on their borrowings. That is taken into account in figuring out whether there was a loss or not.

COMMISSIONER ANGUS: Did you alter your rates on falling interest rates at all?

MR.DICKSON: Not so far. The Act has set it at 4%, that still remains.

MR.BROWN: Might I add perhaps this, sir, that you will bear in mind that the whole policy of annuity as brought in by Sir Richard Cartwright was to promote thrift, to enable people to purchase annuities individually at a rate of interest which would assist them in building up a small provision for their own future. I take it therefore, that the term loss is perhaps not so much applicable, instead the experience has rather been that due to people living longer today than they did when the system was first introduced, mortality tables have had to be amended, and they have been so amended within the past year. But as to actual loss, of course, anyone who buys an annuity privilege to pay himself is not going to get an old age pension, a free pension from the country, and therefore the whole system of these purchasable annuities operates to provide for people who otherwise would have to go on old age pension.

MR.STEWART: Is it the view of the Department that the purchasers of these annuities are in the mean bracket that would likely become old age pensioners?

MR.DICKSON: The great majority of contracts sold are below \$500.

MR.BROWN: 80%.

MR.STEWART: That is \$500 per annum?

MR.DICKSON: Per annum, yes. The maximum that can be bought is \$1200.

Q. At the same time are you satisfied that the \$500 contracts are purchased by people whose income will be only \$500, that they put their all into the purchase of contracts?

A. It is impossible to answer that question, sir, but the man who has bought a \$500 contract, as Mr.Brown has indicated,

is not going to receive an old age pension. The man who has a very high income today, in the light of the late crash, may be a pauper tomorrow. And he may very wisely say to himself, "Instead of running the risk of being indigent in my old age and having to apply to the State for an old age pension, I will buy a Government annuity and have that sheet anchor to windward that will always be there, and cannot be detached from me", because annuities are not detachable.

Q. As a matter of fact the Government annuities may be purchased on more favorable terms than annuities from insurance companies? A. Necessarily so because our rates are not loaded to take care of either profit or overhead or commissions.

Q. So it would be natural to expect, would it not, that anyone who wanted an annuity would be more likely to apply within the limits of the Dominion annuity for Dominion annuities rather than for annuities from privately operated companies? A. That would be a natural assumption, and there is, of course, also the question of salesmanship which enters into the question of any sale.

MR. BROWN: It might be interesting to know that there are many more nurses holding annuities than doctors. There are many more schoolteachers than there are lawyers or newspaper owners. There are many more elderly people with some relatively small provision left them who have turned that sum of money into an annuity, than there are people of large means. We had an analysis made, not this year, but some short time ago, and if the members of the Commission would desire to see it, it contains an analysis of the annuities by class. It is very illuminating on that point specifically, sir, that you are asking us the question about.

MR.DICKSON: But to get at the root of the question which I think you are looking for, the policy, as I interpret it, in the setting up of this service to the people of Canada by the Government was to offer the people of Canada a contract which they would get at absolute cost.

Q. Well, something less than cost, on account of the fact that administrative cost is not taken in. The average annuity contract outstanding is what? A. That I would have to obtain from the --

Q. It is in the memorandum but I cannot tell, the first figure is blurred, it is on page 21, the last line in the second paragraph.

COMMISSIONER DAFOE: \$423 I should say.

MR.DICKSON: \$423, yes, per contract.

MR.STEWART: That is the average contract.

MR.DICKSON: It may be of interest to know that last year there were 7,806 contracts sold, the money received being \$23,614,823.95.

THE CHAIRMAN: What was the amount before the change to \$1200?

MR.DICKSON: During the War while Sir Henry Drayton -- At the outset it was \$1200, my Lord, and then during the War the Government of the day was anxious to get as much money as they could and the amount was raised to \$5000. Then subsequently in '26 or '27 it was again reduced to \$1200.

THE CHAIRMAN: Thank you. It is now 4:30, we will adjourn until 10:30 tomorrow morning.

(The Commission adjourned at 4:30 P.M. until 10:30 A.M. Wednesday, February 16th, 1928.)

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF HEARINGS

[Canada]

Vol. 6

REPORTERS:

George Thompson
John Robertson
David Torry



OTTAWA, ONTARIO, FEBRUARY 16, 1938

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

OTTAWA, ONTARIO, FEBRUARY 16, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Parliament Buildings, Ottawa, Ontario, on Wednesday, February 16, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIRGIS)	
JOHN W. DAFOE, Esq.)	Commissioners
DR. ROBERT ALEXANDER MacKAY)	
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

James McGregor Stewart, Esq., K.C.

Secretariat:

Alex. Skelton, Esq.	Secretary
Adjutor Savard, Esq.	Secrétaire Français
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE FEDERAL GOVERNMENT:

FOR THE DEPARTMENT OF LABOUR:

W. M. Dickson, Esq.	Deputy Minister
Harry Hereford, Esq.	Unemployment Relief Commissioner
R. A. Rigg, Esq.	Director, Unemployment Service
G. H. Brown, Esq.	Assistant Deputy Minister

FOR THE DEPARTMENT OF TRADE AND COMMERCE:

J. G. Parmelee, Esq.	Deputy Minister
L. D. Wilgress, Esq.	Director of Commercial Intelligence
Dr. D. A. MacGibbon	

FOR THE DEPARTMENT OF AGRICULTURE:

Dr. G. S. H. Barton
Dr. E. S. Archibald

Dean A. M. Shaw
G. B. Rothwell, Esq.

Dr. J. M. Swaine

Deputy Minister
Director of Experimental
Farms
Director of Marketing
Director of Production
Services
Director of Research

Railway Committee Room,
House of Commons,
Ottawa, Ontario,
February 16, 1938.

MORNING SESSION

At 10.30 A.M. the Commission resumed.

THE CHAIRMAN: Mr. Stewart, we had got to the question of unemployment relief.

MR. STEWART: Yes, my Lord. I was just going to ask one question as to the Combines Investigation Act.

MR. W.M. DICKSON, Deputy Minister, Department of Labour, was recalled.

BY MR. STEWART:

Q. Mr. Dickson, the Combines Investigation Act is connected with the Department of Labour, is it not?

A. Yes.

Q. But, as far as administration goes, that branch reports directly to the Minister? A. Yes, as far as the ordinary administrative functions are concerned the staff and the expenditures fall within the usual regulations, but as you say, they report directly to the Minister.

Q. That brings us to the unemployment relief activity of your Department? A. Before we touch that, might I supplement some information which was given yesterday?

Q. Yes? A. Labour organization in Canada,--you asked for the circulation of that publication. Of the 1937 report, covering the calendar year 1936, there were printed 5,000 copies in English and 800 copies in French. Forty-eight hundred copies of the English issue were distributed gratis; 100 copies were paid for; and 100 copies are still on hand. About 25 copies of the French issue were paid for, and the rest were distributed without charge. The same number of copies of English and French will be ordered for the report to be issued this year.

Then industry, commerce, and Professions in Canada; of

the 1932 report, 2,100 copies in English and 325 copies in French were printed. ^{Approximately} / ,1950 copies of the English issue were distributed gratis, and the remaining 150 were paid for. Only about 25 copies of the French issue were paid for, -- the rest being distributed free of charge. Two thousand four hundred copies in English, and 400 copies in French will be ordered of the report to be issued this year. Of those copies issued gratis, the majority are issued to persons who supply information to the Department.

With the permission of the Commission, I would like to supplement the quotation which I gave from the National Employment Commission's Interim Report by another extract appearing in their November information service, dealing with the Employment Service in Canada. This quotation bears directly on the other, and supplements it:

" It should be noted that the present employment service has done good work. Great credit is due to those operating this service for the effort made to produce results with a machine which, due largely to divided authority, is inadequate and unsuited to conditions in Canada. Given such a machine it is hardly to be wondered at that the surface has only been scratched. The present Employment Service has acted almost solely as a placement office, and in a very restricted field of activities. It has not succeeded in covering anything like the entire field in ^{respect} /to, placement, and it has not attempted, -- nor could it as constituted at present be expected to attempt -- those other important activities which should fall within the ambit of an employment service."

THE CHAIRMAN: Thank you, Mr. Dickson.

BY MR. STEWART:

Q. Were there any other matters to which you wish to

refer, covering yesterday's evidence, Mr. Dickson?

A. I think that is all, unless it was some additional information regarding the personnel of the staff. You desired to know the personnel, I think, of the Statistical Branch and the Library. Mr. Stewart asked yesterday for the number of employees in our Statistical Branch, and also in our Library. I was unable to give him that information at the moment, but I am prepared now to supply it.

THE CHAIRMAN: Just give the number. We are not interested in the details, Mr. Dickson.

MR. DICKSON: There are ten permanent and two temporary employees in the Statistical Branch. In the Library there are ten, -- Library and Research.

BY MR. STEWART:

Q. On the subject of unemployment relief, that activity has been carried on since 1930? A. Yes, October of 1930,-- or September.

Q. And it has consisted of two main branches, namely, the material aid and relief projects? A. Yes.

Q. The material aid is restricted to food, clothing, fuel, and shelter? A. Or the equivalent.

Q. It does not include hospitalization or medical or dental aid? A. No.

Q. It has been suggested to the Commission on several occasions that medical aid should be included, Mr. Dickson?

A. Well, in view of the fact that the larger question of state medicine, or health insurance, might be involved, and was a matter of policy which will later likely have to be determined by the Government, we have not up to the present contributed, and under the B.N.A. Act health is one of the obligations which lies with the province.

Q. In the administration of material aid, the actual

administration work has been done by the municipalities, has it not? A. Yes.

Q. Is it your opinion that the municipality is the proper unit to deal with the administration of material aid? A. It would appear to be the logical one, being the one closest to the picture, and most conversant with the facts.

Q. Are there any factors, in your opinion, which affect the ability of the municipality to perform the service?

A. Only the financial one, I would think, Mr. Stewart.

THE CHAIRMAN: I assume, Mr. Dickson, that answer about the municipality is based on the assumption that the municipality is paying a portion of the cost, is it not?

MR. DICKSON: It certainly would, your Lordship. It would be very anomalous for one authority to raise the money and another authority to distribute it.

THE CHAIRMAN: I just wanted to get the point cleared up, that is all.

MR. DICKSON: I think the principle must be very distinctly recognized, and adhered to,, that the authority which is charged with the administration of any service should be the one also responsible for the raising of the funds; and the authority distributing or dispensing the funds, and levying them on the taxpayer, must also be responsible for accounting properly for those funds. Consequently, I do not see how the municipality could be disassociated entirely from the raising of the funds for relief purposes, which must be, necessarily, dispensed by the municipality.

COMMISSIONER MACKAY: Have you any direct relation with the municipality, Mr. Dickson?

MR. DICKSON: No, none whatever, except getting

statistics from them. We deal directly with the provinces. Our agreements are all with the provinces, and the provinces negotiate with the municipalities.

THE CHAIRMAN: I think it might be convenient, Mr. Stewart, if one of these sample agreements were put in.

MR. STEWART: Yes, my Lord.

BY MR. STEWART:

Q. Will you arrange, Mr. Dickson, to have a sample agreement put in? A. Certainly.

COMMISSIONER ANGUS: Mr. Dickson, do you think the municipality is the best authority to deal with people who are new-comers to the municipality, -- I mean transients, or people who arrive there from some other municipality or some other province?

MR. DICKSON: As soon as you start to differentiate you will get into very great difficulties, sir. The responsibility has to attach to some authority, and that is something which we have not interfered with; we have left the municipality concerned, with the approval of the province, to determine what shall be the regulations governing their distribution of relief within the municipality itself.

COMMISSIONER ANGUS: And as far as finding the funds is concerned, is the municipality responsible for the transients?

MR. DICKSON: The only transients the federal government has dealt specially with, are the single, homeless, unemployed, men and women; those for whom no municipality would accept any responsibility. There is a certain class in this country, as in every country, which goes from ^{job} to job, and the last job they had is in the municipality to which they are attached at the moment. Now, in 1931 that question was raised by one of the provinces, -- a western province, --

and after discussion and consultation it was decided that

this class, who had no municipality to look to, necessarily became a charge of the province and the Dominion jointly; and the first arrangement was that they should be cared for by the province, with the Dominion contributing 50 per cent of the province's cost. Later, as the burden became greater, the Dominion assumed the full cost of a certain portion of them, who were taken care of in camps.

COMMISSIONER ANGUS: Did the Dominion also assume administration when they assumed the full cost?

MR. DICKSON: Yes, it did, and it was placed under the administration of the Department of National Defence.

BY MR. STEWART:

Q. Your agreements with the province cover only the Dominion fiscal year, do they not? A. Yes. The Act is only for a year.

Q. Does this setting up of a definite date have any effect on the difficulty of administration? A. Undoubtedly there are difficulties which arise from that arrangement; but the principle from the outset which has been observed is that we are dealing with an emergent and temporary situation. Consequently, the government has, up to the present, asked for authority only for one year's time. Some of our agreements do, however, carry on beyond the end of the fiscal year; one of them being the relief settlement, whereby families with perhaps agricultural experience are taken off relief rolls and placed on farms, with the municipality, if they are concerned, and the province and the Dominion contributing to the cost.

Q. Does any difficulty arise from the fact that the province has, on some occasions, commenced projects for relief of unemployment before the Dominion is in a position to make an agreement covering the project? Does that situa-

tion arise? A. If the province proceeds on the assumption that the Dominion will in the ensuing year receive from parliament similar authority, -- and they anticipate that, -- they are taking a chance that may lead to some embarrassment.

Q. Frequently it is June before the Department is in a position to enter into agreements with the provinces, is it not? A. That is owing to the fact that it takes the province a little time to submit the concrete proposals to the Dominion, but the practice has been in the past for the provinces to consult with the Dominion prior to the expiry of the existing act, and to lay their tentative proposals before the Dominion and get some idea as to how much of that program may be acceptable to the Dominion.

Q. What is the present statistical trend in the relief rolls? Is the percentage of the unemployable increasing?

A. I would ask Mr. Hereford to answer that question.

MR. HARRY HEREFORD, Unemployment Relief Commissioner, Department of Labour, was called.

MR. HEREFORD: The trend in unemployables is naturally increasing, because the problem is very different today to what it was say, in 1933, at the peak of unemployment. Relief today contains a large number of social, or charity cases, which include the unemployables, who would normally be the responsibility of the municipality. Relief rolls during the past year have shown a constant decrease month by month as compared with the previous year, and those eliminated from the relief rolls have presumably taken their place in industry. It remains that the proportion of the unemployables those remaining on relief are by comparison increased. That, of course, indicates that any Dominion contribution in respect of relief generally is a contribution under a situation in which unemployment is decreasing and social assistance by comparison, increasing.

BY MR. STEWART:

Q. Is there, in your opinion, Mr. Hereford, any possibility of dividing the field of relief as between the Dominion and the municipal or provincial authorities, along any well defined line?

MR. HEREFORD: You are asking me, sir, to make a suggestion that might not necessarily be one which has been fully explored?

Q. Yes?

MR. HEREFORD: It must be within the federal field of responsibility to provide for those whose need arises from lack of employment, and that instead of joint works, -- joint projects, -- each government, in making expenditures, should make them in their own jurisdiction; the federal government making such expenditures for works as they think necessary, and the provincial governments doing the same, coordinating their efforts as to time and place so that the projects do not overlap. Then, to the municipalities might be reserved the social service, including the care of the unemployable.

Q. That is, the unemployable to be left to the municipality?

MR. HEREFORD: Yes.

Q. On that basis each authority would administer its own work?

MR. HEREFORD: Would administer its own work, and spend its own funds.

COMMISSIONER MACKAY: How could you coordinate the public works of all these government authorities? Would you not need some sort of council, -- public works council, or something of that sort?

MR. HEREFORD: Well, I have not given any particular thought to the machinery which might be necessary, but something of the kind you have mentioned would be necessary.

COMMISSIONER MACKAY: It would not be advisable to leave each municipality and each provincial government and the Dominion government to undertake works without reference?

MR. HEREFORD: Decidedly not, no. I think there should be some coordination, if such a suggestion as I have just given is found to be feasible -- there should be some coordination between the municipal, provincial, and federal governments as to what work they would do.

COMMISSIONER MACKAY: Do you know of any attempt to explore that field?

MR. HEREFORD: I am not in a position to say what the National Employment Commission may have done in that regard, but without doubt they must have given some consideration to it. I say "without doubt" because it is such an obvious thing.

BY MR. STEWART:

Q. Mr. Hereford, to what extent does the Dominion, through the Department of Labour, influence the expenditures of moneys granted-in-aid?

MR. HEREFORD: Do you mean as to the regulations made?

Q. Yes?

MR. HEREFORD: I could read the actual wording from the agreements, it is very short: The Dominion in regard to work, provides, first, there shall be no discrimination in the employing of anybody, or any favouritism on account of political, racial, or religious views. Second, that fair wages shall be paid; that is, that the provinces carrying out the work shall be responsible for seeing that fair wages are paid. Third, in recent agreements, -- the last two years, -- that at least 50 per cent of those given employment are taken off the relief rolls, and that they must have been on relief rolls during the previous winter months.

Q. Does the Dominion exercise any influence as to the nature of the project or the locus of the work?

MR. HEREFORD: I would say not very much, when it is provincial work.

Q. The province merely submits the list of its projects to the Dominion for approval, and they are approved. Is that the idea?

MR. HEREFORD: Well, generally, but I do not want to suggest that there is no consideration of the works, irrespective of where they may be or what type of work it might be. The government would reserve the right to veto any work, or refuse to include in the agreement any works that have been put forward by the province, and have, very frequently done so. But, it would necessarily be the responsibility of the provincial government to determine where the work should be done, because they would have the best information, first, as to the situation which existed locally, and second, as to the ability of the local people to take care of it. Thirdly, as to the intention of the provincial government to take care of it.

MR. STEWART: I think those are all the questions I have to ask, my Lord.

COMMISSIONER ANGUS: Mr. Dickson, when you said the municipality is the logical unit, I suppose it is apparent that the municipality which has the most unemployment is quite likely to be the one least able to finance relief?

MR. DICKSON: Not necessarily.

COMMISSIONER ANGUS: Well, it is possible?

MR. DICKSON: Possibly.

COMMISSIONER ANGUS: Does the task of equalizing that situation between the municipalities fall exclusively on the provincial government?

MR. DICKSON: At the present time it does, seeing that the Dominion contribution is a set amount to the province

Our agreements do call at the present time for the Dominion contribution to be a certain percentage of the municipality's cost for material aid, not exceeding a definite amount, so that the Dominion either pays to the province the definite amount or the percentage, whichever is the lesser. If the percentage of the municipality's cost, which is agreed upon as between the Dominion and the province, is less than the maximum stated in our agreement that is the amount which is paid. But, if, on the contrary, it exceeds the maximum amount, the maximum amount is the amount paid.

COMMISSIONER DAFOE: If the municipality is unable to make its contribution, where does the responsibility lie?

MR. DICKSON: With the province.

COMMISSIONER DAFOE: And let us assume the province is in the same position?

MR. DICKSON: The principle on which relief has been granted up to date, Mr. Dafoe, is very much like the principle on which the Three Musketeers proceeded, -- "All for one, one for all." If the municipality is unable to meet the situation, it appeals to the province. If the province and the municipality united are unable to cope with the situation, they appeal to the Dominion, so that the final burden, if both are unable to do it, rests with the Dominion. That is clearly established by the fact that for some years past we have, in some of the western provinces, not only been contributing but we have been advancing to the provinces the provinces' share by way of a loan, of the municipalities' share of their costs.

THE CHAIRMAN: If the municipality and the province are unable to contribute their share you do not give it to them, you loan it to the province?

MR. DICKSON: Yes, it is advanced by way of loan; still maintaining the principle laid down in the British North

Act, that the responsibility lies with the local authority for relief.

COMMISSIONER MACKAY: I was just going to ask Mr. Dickson how in any particular instance it is determined whether a municipality or a province needs additional support?

MR. DICKSON: The province supplies very full financial statements regarding the status,

COMMISSIONER MACKAY: It depends upon the argument the province puts up?

MR. DICKSON: Not the arguments only, but the facts which they lay before the Minister of Finance for the Dominion.

COMMISSIONER MACKAY: Have you established any particular automatic tests which you apply, or do you take each individual case on its merits?

MR. DICKSON: As the loans are a matter decided upon by the Minister of Finance, the machinery for examining the province's case in each instance lies with the Minister of Finance.

COMMISSIONER DAFOE: We have had evidence before us as to where the greatest economy would be applied in the administration of relief. We had a very positive statement from an alderman at Winnipeg, that the Dominion could do it more efficiently and cheaply, than the municipalities, because of the fact the municipality put up only a percentage of the cost, made them subject to local pressure. Of course, we have had the other view, that the Dominion administration, if it took over the responsibility in the administration, would be more expensive. I do not know whether you or Mr. Hereford would care to express an opinion on that. I am not pressing for one.

MR. DICKSON: Well, I think it would be obvious, Mr.

Dafoe, that if the Dominion took it over we would have to set up machinery similar to what the municipality already has, and in that way it would certainly be a duplication. As to the ability of the Dominion, -- the set-up, being more efficient than the municipal one, I think that is something which modesty would prevent a federal officer expressing a view upon. But, Mr. Hereford is free to express his view on it.

MR. HEREFORD: I would like to amplify what the Deputy Minister said in this regard, that that part of the problem which is due to unemployment might be handled largely through the National Employment Service, such existing, to that extent, it would not necessarily lead to very much increase in cost in our social problem, but is not one that lends itself, in my opinion, to the economical administration by the Dominion.

THE CHAIRMAN: Do you mean, Mr. Hereford, by the social problem, the unemployables?

MR. HEREFORD: Yes.

COMMISSIONER DAFOE: I think it was agreed by everyone who has given evidence that the unemployables, - the duty of looking after unemployables rested upon the municipality, with this qualification, that the number of normal unemployables had been slightly enlarged by the prolongation of the depression, and that the burden might temporarily be beyond the capacity of the municipality. But there has been a recognition that the municipality ought to look after the unemployables, but it is argued whether unemployment would have to be taken over, as a national organization, particularly if we had national insurance. Do not the two things tie up now?

MR. HEREFORD: Yes, I think so, sir. I used the term "social cases"; they are really unemployable, because

some of these cases, never having been employed, are not necessarily described as unemployable, - children, for instance.

COMMISSIONER ANGUS: We have had a comparison of the efficiency of the two types of service, Dominion and municipal. How far do you think the closest cooperation between them is possible? Is it possible to have effective cooperation between people who obey two different authorities?

MR. HEREFORD: No, I do not think so, sir.

COMMISSIONER MacKAY: Assuming the Dominion commenced upon a scheme of unemployment insurance, will this mean a considerable enlargement of the employment service?

MR. HEREFORD: Yes, a very material increase.

COMMISSIONER MacKAY: Do you think if that were done that it could then handle the problem of unemployment relief, relief for unemployed as distinct from unemployables.

MR. HEREFORD: To a very material degree. I would like Mr. Rigg to express his view on that.

MR. R.A. RIGG, Director of Employment Service, Department of Labour: May I have the question repeated, please?

COMMISSIONER MacKAY: Assuming the Dominion commenced upon a scheme of unemployment insurance, will this mean a considerable enlargement of the employment service?

MR. RIGG: A tremendous amount; a multiplication of the number of officers, many, many times.

COMMISSIONER MacKAY: The second question I asked was: If the employment service is enlarged would it then be competent to deal with the relief for ^{un}employed as distinct from unemployables; that is to say, deal with it instead of the municipalities?

MR. RIGG: The only system of unemployment insurance which has definitely been placed before the people of

Canada is that which was contained in the statute of 1935. That statute provided for unemployment insurance to apply in respect of certain industries; it excluded certain other industries. The most reasonable estimate of the number of wage earners who would be covered by the 1935 statute would be somewhere in the neighbourhood of 1,750,000 or 1,800,000, leaving a considerable body of wage earners who would not be affected directly by the insurance scheme. Now, in so far as the effect of an unemployment insurance scheme upon the persons employed in insured industries is concerned, that effect would materially lessen the amount of relief administration, as we presently understand it, so far as that body of work is concerned. It would not affect, however, the large body of workers who are not included in the insurance scheme.

COMMISSIONER MacKAY: Do you think the Employment Service, if enlarged, could take care of relief for those workers not included under the insurance scheme?

MR. RIGG: The Employment Service, itself, at the present time, while not undertaking to administer relief in the form of finances, does perform an extremely useful function in connection with the general ^{performance} of relief administration. That is to say, the offices of the employment service in Canada are, to a very large extent today required to register all unemployed persons who are in receipt of relief regularly, - once a week in the province of Ontario, for instance, with the exception of the city of Toronto, where once every two weeks registration is required, - in order that the authorities may know that the individual to whom relief is being given is not in employment. He must appear once a week to register and to certify that he is willing to work provided work is available for him.

In some other ways the Employment Service performs functions, but in regard to your general question that a very largely increased number of offices would have to be set up in order to give effective administration to any insurance scheme, - unemployment insurance scheme - the problem of registering and achieving the most effective results in the placing of men in employment, wherever vacancies occurred, would undoubtedly be carried on with a maximum degree of efficiency, provided we had the offices which would be necessary under an unemployment insurance scheme.

COMMISSIONER MacKAY: Then you think an Employment Service, properly carried on, could also administer relief as well as do this investigation work, and try^{ing} to find jobs for people?

MR. RIGG: I am quite sure there are no insurmountable difficulties in the way. Of course, there would still remain those factors of relationship which exist at the present time, between the federal, provincial, and municipal authorities. Those elements would not be removed.

COMMISSIONER MacKAY: The real question is this, I think; is unemployment relief, in the sense of relief for those who are temporarily unemployed, rather than relief for the large group which we call "unemployables", - to come under the Dominion; or assuming it should come under the Dominion, then would it be possible for the Dominion to administer, without setting up a large additional staff to do it? Could the Employment Service do it, assuming there is an Employment Service, enlarged to meet unemployment insurance?

MR. RIGG: I am of the opinion that in order to administer relief, - I take it you mean by that the full

control of relief, including the administration of money?

COMMISSIONER MacKAY: Yes.

MR. RIGG: I am of the opinion that the local facilities which would be supplied through the setting up of an organization under an unemployment insurance scheme would provide all the physical means that are necessary in the way of offices, and so on. I mean, it would, however require that the staffs of those offices should be somewhat augmented in order that the work of relief administration might be discharged. Such a scheme, however, would represent a minimum increase in expenditure, because it would not involve the setting up of additional offices here, there, and yonder, in order to give effect to it. The organization would be there on a sufficiently widespread scale to permit such a scheme becoming effective if just a few more were added to the local staffs in addition to those who are actually needed to dispense the relief.

COMMISSIONER ANGUS: Would there not have to be some careful **corrolation** between the amount of the insurance benefit and the amount of relief which the man must get after the benefit is ^{exhausted} / and, the amount of relief which the ones not under an insurance scheme at all were to get? Would these amounts have to be kept in careful relation to each other to make the system workable?

MR. RIGG: As far as benefit payments under the insurance scheme are concerned they are not subject to examination, they are paid as a matter of right, - they have been earned. But they would enter into the calculations as to the need of an individual under the means test, and there would be that additional knowledge in the hands of the administrators as to what resources he had had available during the period during which he had received benefit from the insurance funds.

COMMISSIONER ANGUS: You would have to be careful, for instance, to see that the ~~rate~~ of benefit was greater than the amount the same man would receive on a means test basis after he had exhausted the benefit?

MR. RING: Of course, that is a matter which has an important bearing on the subject. I do not know that I would care to express a definite opinion, from a Departmental point of view, as to the necessity for such care being exercised. Unquestionably, the two are related.

COMMISSIONER ANGUS: I was only considering this point; would there have to be cooperation between the authorities administering the insurance and those administering relief for the same people, afterwards, or for people who were not under the scheme?

MR. RING: I think as much cooperation would be necessary under the system when a person had exhausted his or her benefit, as exists today, sir.

MR. G.H. BROWN, Assistant Deputy Minister, Department of Labour: Mr. Commissioner, on that subject, if I may add a further word, as to the availability of the Employment Service to take care of relief payments, - or the Employment Service as it would conceivably be enlarged under an insurance scheme, - it is to be observed that in Great Britain and in other countries where unemployment insurance has been introduced, that great care has been taken to keep the insurance scheme by itself, and to provide for assistance, schemes supplementary to insurance, in so far as they exist; through separate machinery. The Employment Service in Great Britain is a placing service mainly. The Employment Service in Germany equally so, and elsewhere, - in the United States as well. That aspect of the work, the Employment Service aspect, is kept quite separate from the insurance aspect,

although administered, as a rule, locally under the same roof.

COMMISSIONER DAFOE: Was it not the case, Mr. Brown, that the amount which a man was entitled to receive under insurance was continued long after his right to it ran out? It must have been administered by the same officers?

MR. BROWN: Until recent years.

COMMISSIONER DAFOE: And they have changed it?

MR. BROWN: Until that was found so difficult that it had ceased practically to be insurance; therefore in-
extinct
substitution of that/relief system, and naturally under insurance, they saw fit in the Mother Country, and have seen fit elsewhere, to set up supplementary schemes to take care of people after their insurance rights had been exhausted.

COMMISSIONER DAFOE: Are those municipal organizations?

MR. BROWN: No. In Great Britain it is a governmental scheme of assistance equally with the insurance scheme. In Germany also the secondary line of defence is federal. In the third place, in Germany, they have in the last resort what corresponds with the poor relief in England, which is, of course, a local matter, - a matter of local administration.

(Page 4706 follows)

COMMISSIONER DAFOE: I would like to ask Mr. Dickson, and Mr. Hereford whether they are satisfied with the plans which have been worked out and adopted in the last four or five years, I would like to know if you gentlemen think these plans have been equal to the task for which they were created? Do you think all deserving cases have been looked after? There might be an instance of a person in need who really does not belong to any one of the thousands of municipalities, but after all, he is a citizen of the Dominion. Is it your opinion that the organization has been so perfect that no one deserving aid has been allowed to fall through the gaps in the system? It seems to me, speaking from personal experience, that there are gaps in the system. When Alderman Biggar appeared before the Commission, he said the city of Montreal was taking the most elaborate precautions to prevent persons moving into the city and going on relief. I asked him what happened if people did manage to get into the city, and his reply was to the effect that the city refused to accept the obligation. I further asked him how these people lived for a year and he informed me that they were looked after by the different charitable organizations. These people are all citizens of Canada and, presumably, if the charitable organizations did not come to the assistance of these people, they would starve. Would this not indicate that the system of putting the responsibility all on the municipality breaks down, at least, in many individual cases?

MR. DICKSON: The contrary side of the picture, Mr. Dafoe, might be this, I am looking at it now from the standpoint of the municipalities; if the municipalities made no regulations controlling the expenditure of relief funds, but gave an open invitation to all to come and share

in the feast. The result of this procedure might be that our large cosmopolitan centres would become relief centres rather than what they set out to be, namely, industrial centres. One criticism of the system which is now in force might be that a maximum of those who needed relief have received it. The number of persons who have needed relief and who have not received it would be infinitesimal as compared with the total number of persons who received relief. Another criticism which might be made of the system which has obtained, is that the standard of relief is left to the judgment of the municipal authorities with the approval of the provincial authorities and the result has been a wide disparity as to the standard of relief in force in the different parts of the country. The natural consequence of such a position is that the people flock from the centres where the municipal authorities have decided they would not give relief, and certain municipalities so decided, to the centres where relief was known to be given on a generous scale.

COMMISSIONER DAFOE: That would indicate to me, that the system was not infallible. The Commission was told in Regina, and the same thing holds true in Manitoba, that there has been a good deal of feeling between the cities and the rural municipalities, growing out of the fact that people are coming into Regina from the rural municipalities. The cost of relief for these people has been billed back to the municipality from which they came and the difference between what the relief would have been in their own municipality and what it was in Regina was so large that it developed quite a feeling between the rural municipalities and the city. I do not see how you can escape that feeling if you make the rural

municipalities units for the administration of relief. However, if relief were administered by the Dominion government, these people could be told to stay where they were; If these people desired relief, they could not get it anywhere else. This system might not only be a source of greater economy, but it might prevent this friction which has developed all over the country between the rural municipalities and the towns.

MR. DICKSON: It must be recognized that the municipality, within the ambit of its own authority, is autonomous.

COMMISSIONER DAFOE: Yes, under the existing system.

MR. DICKSON: Under our constitution, the municipality is autonomous in its particular field, and we would have to abrogate that constitution if any other authority were to enter into the municipal field to administer some of the functions which are municipal in scope.

THE CHAIRMAN: This particular memorandum prepared by the Department of Labour concerning the functions of the department will be marked as exhibit number 163.

EXHIBIT NO. 163: Memorandum on the functions of the Department of Labour.

THE CHAIRMAN: A copy of the agreement with the provinces, which was filed, will be exhibit number 164.

EXHIBIT NO. 164: A copy of the agreement between the Dominion and the provinces concerning relief payments.

THE CHAIRMAN: Now, Mr. Dickson, would you kindly prepare a short memorandum which can be filed as exhibit number 165 and which will show the differences in the scale of relief in the different provinces? You have that record in your department, I assume.

MR. HERETORD: We have the information, but not as a matter of record.

THE CHAIRMAN: If you have the information, it would be a convenience to this Commission if we know the amount of relief as provided by the local authorities in the different provinces. It would be interesting to differentiate between the urban and rural municipalities so that one could see what differences there are in the basis of relief. The Commission would like to thank you, Mr. Dickson, and your colleagues, for the assistance which you have given us.

EXHIBIT NO. 165: A Memorandum concerning the relief scales in the different provinces.

MR. STEWART: The next department from which we will hear is the Department of Trade and Commerce, of which Mr. J. G. Parmelee, is the Deputy Minister.

MR. J. G. PARMELEE, Deputy Minister of the Department of Trade and Commerce, was called.

THE CHAIRMAN: Mr. Parmelee, you have prepared a memorandum concerning the work of your department, the Department of Trade and Commerce, which you have been kind enough to submit to us; this memorandum will be marked as exhibit number 166.

EXHIBIT NO. 166: A memorandum of the Department of Trade and Commerce.

THE CHAIRMAN: There are certain questions in connection with this memorandum, which our counsel, Mr. Stewart, would like to ask you.

MR. PARMELEE: I will be very glad to answer any questions which you might like to ask.

MR. STEWART: I think perhaps, Mr. Parmelee, if you

would give us a general summary concerning the activities of the department, then I could call attention to one or two particular activities upon which further questioning might be necessary.

MR. PARMELEE: I will deal with the matter in a very general way. The Act of Parliament which in 1887, created the Department of Trade and Commerce, was brought into effect by an order-in-council, dated December 5, 1892. This merely provided that there should be a department of the Dominion Government of Canada to be called the Department of Trade and Commerce. The duties of the department and minister were designed to be included under laws enacted by the Parliament of Canada relating to such matters of trade and commerce which had not been assigned to any other department of the government. Those duties which come under the Department of Trade and Commerce, at the present time, might be outlined as follows: Commerce and Trade Services, the Commercial Intelligence Service, Foreign Tariff Division, Trade Routes and Steamship subsidies division. We also have a department of publicity under which heading comes the trade publicity branch, the Canadian government motion picture bureau and the Canadian exhibition commission. There is the Department of Statistics under which is the Dominion Bureau of Statistics. The Canada Grain Act comes under the Board of Grain Commissioners for Canada. Under the heading of Research, comes the National Research Council. This comes directly under the minister, rather than under the department, and the minister directly concerned is submitting a separate memorandum. I believe it is to be submitted to this Commission by the president of the National

Research Council who will be glad to answer any questions which you may desire to ask him.

MR. STEWART: We have already been presented with a memorandum by the Bureau of Statistics.

MR. PARMELEE: Under our department, there are certain inspectional services which include, electricity and gas inspection services, weights and measure inspection, and precious metal inspection services. The last mentioned service is that of bounty payments, and under this heading comes the placing of Canadian coal used in the manufacture of iron or steel on a basis of equality with imported coal.

THE CHAIRMAN: What does that mean, Mr. Parmelee, "The placing of Canadian coal used in the manufacture of iron or steel on a basis of equality with imported coal"?

MR. PARMELEE: This is done in connection with tariff item number 1019, in schedule B to the Customs Tariff. Bituminous coal when imported by proprietors of coke ovens and converted at their coke ovens into coke for use in the smelting of metals from ores and in the melting of metals, is entitled to a drawback of ninety-nine per cent of the duty, not including special duty or dump duty and taxes. Therefore, so long as the provision of this tariff item is in effect, this bounty has to be paid.

THE CHAIRMAN: Then, if a person used domestic coal rather than imported coal a bounty is paid equal to the drawback, is it not?

MR. PARMELEE: Yes, that is what is done.

BY MR. STEWART

Q. The commercial intelligence service, Mr. Parmelee, has been organized within the last twenty-five years, has it not? A. Yes, it has been organized within the last twenty-five years.

Q. This would indicate the growth in Canada of the export trade? A. Yes, I suppose it would.

Q. How many trade commissioners have you now? A. There are thirty-five trade commissioners at the moment, located in thirty-four countries. There are two trade commissioners in the United Kingdom.

Q. And the headquarters staff, is it located in Ottawa?

A. It is located in Ottawa.

Q. This is divided by commodities into five divisions, is it not? A. Yes, we have commodity divisions in connection with the commercial intelligence service for the central office here, in Ottawa.

Q. Those divisions are indicated in the memorandum?

A. Those are indicated in the memorandum marked as exhibit number 166, I think.

Q. The Commercial Intelligence Journal is a publication published by your department and containing the reports from the Trade Commissioners, as well as any other information collected by the Headquarters staff? A. Yes, that is correct.

Q. Is that publication widely distributed? A. It is distributed to all manufacturers in Canada, as well as exporters.

Q. Can you give us any idea as to the number of copies sold, the number of subscriptions? A. I think, the number would be approximately 3,500. There is a charge for that publication of \$1.00 per year.

Q. Will you just give us a brief summary of the functions of the Trade Commissioners? A. I might, perhaps, say a word in general in connection with the Commercial Intelligence Service, which is really the chief agency for the promotion of export trade. The duties of the Trade Commissioners are related to the bringing of the exporter and the purchaser together. The Canadian exporters would supply these men with information which would assist them in the matter of documentation, packing, the use of trade routes, and such related matters. These men are not sales agents, really, they are agents whose special duty is the making of contacts with the exporter from Canada and the probable purchaser in the country in which he is stationed.

Q. Paralleling the commercial intelligence service, you have a foreign tariff division? A. Yes, we have.

Q. What functions are carried on by that division in addition to the work of the Trade Commissioner? A. This division supplies information in connection with the tariffs of different countries and the customs duties of those countries. Roughly, I might say, any British or foreign country's commercial duties, tariff preferences, and that would include the Canadian content requirement, certificate of origin, direct shipping, invoicing, providing inspection, foreign anti-dumping legislation, quota restrictions, etcetera.

Q. I suppose tariff regulations in general? A. Tariff regulations in general and the duties in the different countries.

THE CHAIRMAN: I suppose the officials who do this

work are also the Trade Commissioners ; The same men perform the two functions, do they not?

MR. PARMELEE: There is a separate foreign tariff division set up here in Ottawa, at headquarters.

THE CHAIRMAN: But in a foreign country is it the trade official who supplies this information?

MR. PARMELEE: Yes, that is correct. It is the Trade Commissioner who supplies this information.

THE CHAIRMAN: Does the Trade Commissioner include in that information, his information as to the selling price of all articles in the country of origin, the ordinary selling price, that is, the basis for your reports on tariff questions?

MR. PARMELEE: Yes, that is correct.

BY MR. STEWART

Q. In recent years, trade representatives have been sent out by a number of the Canadian provinces, Mr. Parmelee, can you give us any information concerning that?

A. Yes, I might say that provincial representation abroad has taken a variety of forms including that of certain provincial agents generally, and more recently, trade commissioners specializing in work for certain industries. In addition, there are three provinces which have already set up departments of trade and industry. I think these provinces are Quebec, New Brunswick, and Alberta--I should have said British Columbia instead of Alberta. The situation, briefly, is this; the function of our department is, as I have outlined, the development of export trade. The work of the representatives of the provinces which I have just mentioned, might be regarded, I think, as supplementary. It would be difficult, indeed, to draw

a sharp line of demarkation between federal and provincial spheres in the export trade, but at the same time, I think it should be recognized that the Dominion Government must continue to discharge this function in the interests of this country as a whole. Secondly, it is a feature of the department that the Dominion officer should be used for trade promotion purposes and should be regarded primarily, as responsible to the Dominion government. Provincial appointments should be limited to cases where the appointee is intended to act in the capacity which a federal officer could not possibly assume, that is, in the capacity of a selling agent. Some of these provincial agents look after the sales of provincial goods. In some cases, the provincial representative will represent a particular group, such as a group of lumber exporters in British Columbia. These lumber exporters have a representative in the United Kingdom, who is practically their sales agent. The representative of the Dominion department cannot make actual sales, our representatives are limited to the making of contacts. I think it would be a great mistake for the representatives of the Dominion government to make sales as it would lead to all sorts of difficulties.

THE CHAIRMAN: Is selling the reason the provinces have established these trade agents, the desirability from the point of view of the province of assisting the merchants or manufacturers in making sales?

MR. PARMELEE: Only insofar as specialized lines are concerned, I would say, Mr. Chairman.

THE CHAIRMAN: Does any confusion arise in a foreign country, in Great Britain for instance, due to the fact that there is a Dominion as well as a provincial representative?

MR. PARMELEE: On the contrary, sir, there is a large amount of cooperation between the two organizations. This fact has been greatly emphasized in the last few years in connection with the sales of lumber for the United Kingdom housing schemes. These provincial representatives have helped us, and we have helped them considerably.

BY MR. STEWART

Q. Would you indicate the extent to which the provinces have appointed trade commissioners for specialized projects outside of Canada, British Columbia has a timber commissioner in London? A. Yes, that is correct.

Q. I think British Columbia also has representatives in other places, has it not? A. Yes, British Columbia has a representative in Australia, New Zealand, and, I think, in the West Indies and South Africa.

THE CHAIRMAN: What is that about British Columbia?

MR. PARMELEE: The province of British Columbia has representatives in connection with lumbering in the West Indies and South Africa.

THE CHAIRMAN: Why shouldn't the work which is required in Australia or South Africa, be done by one of the government representatives, why should it be necessary to have two men, Mr. Parmelee?

MR. PARMELEE: These particular men are representatives of the British Columbia lumbering and shingle interests.

THE CHAIRMAN: If these interests paid the salaries of these men, that would be a different matter.

MR. PARMELEE: The salaries are not paid by the province, but by the associations concerned.

THE CHAIRMAN: Oh, I beg your pardon.

MR. PARMELEE: The government subsidizes the work to a certain extent.

COMMISSIONER SIROIS: You mean the provincial governments, do you not?

MR. PARMELEE: Yes, the provincial government.

COMMISSIONER SIROIS: You do not mean the federal government?

MR. PARMELEE: No, not the federal government.

BY MR. STEWART

Q. New Brunswick has taken a similar step for the promotion of the sale of potatoes, has it not? A. They have, in South America, I believe.

Q. Do you know whether that is sponsored by the government or by some organization of the potato growers?

A. I think it is sponsored by the government of the province.

THE CHAIRMAN: For the sale of what?

MR. PARMELEE: For the sale of potatoes.

BY MR. STEWART

Q. Is that work which could not be handled by the Dominion Trade Commissioner? A. In the past, it has been handled by the Dominion Trade Commissioner.

THE CHAIRMAN: Just a moment, Mr. Stewart; you say in the past this work has been handled by the Trade Commissioner, then why was there a change made?

MR. PARMELEE: The change was made because certain provinces required specialized men, in potatoes and the like. This man was required to go to South America and work for the promotion of the sale of New Brunswick potatoes.

THE CHAIRMAN: I see by the papers, that the three provinces seem to be getting together on the question of marketing potatoes; I notice that there is a suggestion concerning a maritime conference on the subject.

BY MR. STEWART

Q. Was there any complaint by the province of New Brunswick that the Trade Commissioners were not doing this work satisfactorily? A. There were no official complaints of which I am aware. However, there might have been complaints. We have had letters from New Brunswick expressing appreciation concerning the work which we have done in regard to the question of marketing potatoes.

Q. Ontario has been contributing towards the cost of maintaining a trade representative in London for some years, has it not? A. That was a representative for the Ontario Fruit association and the Ontario government paid a bounty or levy on the boxing, I believe.

Q. This representative is maintained in London? A. He is not there now.

Q. That activity has ceased? A. It has ceased; he really is not connected with the provincial government or with the Dominion government, he is a sales agent and is a free lance in that respect.

Q. A sales agent representing Ontario and the Fruit Growers Association? A. A sales agent representing any exporter whom he can represent.

Q. Is there a timber commissioner from eastern Canada?

THE CHAIRMAN: Pardon me, Mr. Stewart; before you pass on, I notice on page thirteen of the memorandum submitted by the Department of Trade and Commerce, which is exhibit number 166, there is an item concerning legislation passed by the province of British Columbia. This statute established a department of trade and industry, and you suggest the Act contemplates the establishment of

a Bureau of Trade extension, the duties of which are set out in section seventeenth. This would appear to be exactly what the Dominion trade representatives are doing.

MR. PARMELEE: Yes, it is practically the same work as that done by the Dominion trade agents.

THE CHAIRMAN: Has British Columbia established such a bureau in fact?

MR. PARMELEE: Yes, it has set up an organization for that purpose.

THE CHAIRMAN: This would appear to be a clear duplication because the objects of the statute are certainly the same as the primary functions of your department.

MR. PARMELEE: Yes, that is correct.

BY MR. STEWART

Q. On the following page of the memorandum, on page 14, you note that Quebec and Alberta have followed this statute?

A. Quebec was the first one in the field in that respect.

COMMISSIONER MacKAY: Are these provincial representatives, these trade representatives, acting as selling agents or are they doing the same work as the Dominion department?

MR. PARMELEE: The organization really has not been extended that far; they have no representation abroad at the present time.

COMMISSIONER MacKAY: They have only a provincial department?

MR. PARMELEE: Yes, they set up a provincial department of Trade and Industry.

BY MR. STEWART

Q. The maritime provinces have appointed a timber commissioner in Great Britain, I think, in 1935, are they

still maintaining that representative? A. They are still maintaining that officer and they are working in cooperation with the Dominion.

Q. This representative is primarily concerned with the sale of eastern lumber? A. Yes, mostly birch and that type of lumber.

Q. That is not the maritime provinces, exactly, is it?

A. No, Quebec, Nova Scotia and New Brunswick are the provinces interested.

Q. Prior to 1935, that work was done by the Dominion Trade Commissioner, was it not? A. Yes, it was.

Q. And was there any complaint that the Trade Commissioner was not doing the work satisfactorily? A. I do not think we have any complaints on our files, except that there is a representation to the Department of Trade and Commerce concerning the need for a man with special knowledge of the timber industry insofar as eastern timber is concerned.

COMMISSIONER MACKAY: Would this man act as a sales agent or is he doing the same work as that done by the Dominion department?

MR. PARMELEE: He is practically doing the work of a sales agent. This man's chief function is the conducting of an educational campaign in connection with the use of the different species of lumber shipped from the three provinces which I have mentioned. The representative of these provinces is doing very good work and the Dominion men are doing very good work in the matter of having birch flooring used.

THE CHAIRMAN: Mr. Parmelee, why shouldn't the full information in connection with advertising for the whole lumber industry be under the supervision of your department?

MR. PARMELEE: I think we could extend our advertising

especially our advertising of lumber in the United Kingdom. We have generally had some mention of lumber in our exhibitions.

THE CHAIRMAN: I cannot see why there should be several departments dealing in that export trade, only one of which, the Dominion, is primarily responsible for this matter. The jurisdiction for trade agreements and export trade is vested in the Dominion and I cannot see any real reason why there should be duplication of services.

MR. PARMELEE: The cost of maintaining these representatives is subsidized. You take the eastern timber representative, the cost of his maintenance is subsidized. The different organizations pay part of his salary.

THE CHAIRMAN: It is a different matter if private parties pay the expense, but I am speaking of the duplication of public services which increase public expenditure. The taxpayers have to pay for these things in the end. If it is paid for by the parties concerned, then it is a different matter.

MR. PARMELEE: I would like Mr. Wilgress, to answer that question concerning the duplication of services.

MR. L. D. WILGRESS, Director of Commercial Intelligence, was called.

MR. WILGRESS: In answer to your question, I do not think the duplication which has taken place to date, has been of a serious nature. There are certainly elements in the situation which might give rise to serious duplication between the Dominion and the provinces in respect of trade promotion.

THE CHAIRMAN: Certainly, if there is one thing which the Dominion Department of Trade and Commerce would naturally be considered competent to handle, it would be that of export trade. At present, I do not see any necessity for duplication. We may hear from these provinces on this point. We have not visited these provinces as yet, and we may hear representations on this point when we do visit the provinces of Quebec, New Brunswick, and British Columbia.

MR. WILGESS: It has been the policy of the Department to oppose the subsidizing of any trade associations. It has also been a matter of policy not to allow a Dominion representative abroad to act as a sales agent. Certain of the provinces took the view that there was a need for trade association representatives abroad, and these provinces have subsidized these trade associations. The representatives of these associations which have been sent abroad, were specialists in certain lines. They had technical knowledge such as that which the British Columbia Timber Commissioner had. This man had a technical knowledge of forests and was thoroughly acquainted with the qualities of British Columbia woods. A Dominion Trade Commissioner would not have such knowledge, and his work is mainly concerned with the creating of propaganda in favour of the increased use of British Columbia wood. This is the main function of this representative; he represents British Columbia timber and the association whose representative he is, gets a subsidy from the provincial government.

THE CHAIRMAN: The right of a private organization to do such a thing is a different matter; I rather thought

from the memorandum, the provincial governments set up their own trade representatives.

MR. WILGRESS: Not in the case of the timber representatives, either the British Columbia timber representative or the eastern timber representative; each of these men is the representative of a trade association. These trade associations receive subsidies from the provincial government. Trade representatives have been sent abroad by a province, who were specialists in some certain line. An instance of this is the trade representative sent out by New Brunswick for the sale of potatoes in the Argentine. There was a need there for a man with a technical knowledge of the potato trade and the particular qualities of New Brunswick potatoes. This man went down to South America and endeavoured to expand the trade. This man was able to speak of the superior qualities of seed potatoes grown in New Brunswick. This work was more to supplement what was already being done by the Dominion Trade Commissioner.

THE CHAIRMAN: I suppose Prince Edward Island will want to send a representative down there, too, Mr. Wilgress?

MR. WILGRESS: Exactly, that is the difficulty which might arise. A province could only do this on a provincial scale, whereas the Dominion could do it on a Dominion scale and if one province demanded representation through the Dominion government, the other provinces would want to do likewise.

THE CHAIRMAN: If it is necessary to have a representative go there for the potato trade, where you have two or three provinces engaged in large scale production

of a product, should not that representative be a Dominion representative?

MR. WILGRESS: There is no reason at all why the Dominion could not have ^{sent} a man to South America much the same as New Brunswick has done, if the Dominion had been requested to do so before New Brunswick took action.

COMMISSIONER DAFOE: Obviously there are sectional rivalries which the Dominion could not recognize.

MR. WILGRESS: Undoubtedly; that is particularly true in the case of seed potatoes. One of the provinces thinks the seed potatoes grown by it have an advantage ~~over~~ those grown by the other provinces.

COMMISSIONER MacKAY: Is there any real distinction between the functions of the Dominion representative and the provincial representative, are they both sales agents?

MR. WILGRESS: In some cases, there is. For instance, the Ontario government sent a man abroad to represent the Fruit Growers Association. It was intended that he should act as a sales agent, but the Ontario government only planned to pay his expenses for the first year or two. After this time, he was to be independent of provincial assistance and his salary and expenses were to be refunded by a charge on apple shipments. He was actually undertaking the sales, and that has not been the policy of the Dominion Department of Trade and Commerce; this department has not embarked upon that function. The work of a representative under this department is mainly directed towards education and propaganda.

COMMISSIONER MacKAY: Then, do I understand that Trade Commissioners do undertake publicity and advertising?

MR. WILGRESS: They do that sort of thing, but their main function is to contact prospective buyers and induce them to purchase Canadian products.

COMMISSIONER MacKAY: Do they put these buyers in touch with Canadian firms directly?

MR. WILGRESS: They either put them in touch with Canadian firms, or send the information to the department and the department sends the information on to the different firms interested.

COMMISSIONER MacKAY: The only difference is that your departmental representatives do not actually make the sales?

MR. WILGRESS: They do not make the sales, they make the contacts.

COMMISSIONER MacKAY: But some of these provincial representatives do make the sales, and some of them do not, is that it?

MR. WILGRESS: In most instances, although I mentioned some cases where they did make the sales. I think the potato representative who went down to South America on behalf of the people of New Brunswick went a long way towards making sales. There was a group of farmers in New Brunswick who were interested in obtaining the business in Argentina and this man represented this group of farmers. The New Brunswick representative was going further than would have been proper for a Dominion representative, under the present policy of this department.

BY MR. STEWART

Q. The real danger of overlapping lies, I should think, in the establishment of these trade and industry branches in the provinces? A. Exactly, if these trade and industry branches established a representative abroad,

I think there would be considerable overlapping and duplication of services. We feel that it would be an exact duplication of the functions performed by our commercial intelligence department.

Q. In the case of Alberta, the department of trade and industry is somewhat different in that it was formed primarily for interprovincial trade, was it not? A. It was formed to promote the sale of all products within the province and also to see if a market could not be obtained within Canada for certain products of that province. The province of Alberta has never used this power for export trade, although it has collected information in cooperation with our department regarding marketing.

Q. But the province has not appointed any representative or trade commissioner in any of these foreign countries?

A. No, not outside Canada.

Q. The Quebec Department of Municipal Affairs and Trade and Commerce includes a commercial and industrial intelligence service; does this service duplicate the efforts of the commercial intelligence service of the Dominion Department of Trade and Commerce? A. No, at the present time, they work in close cooperation with the Dominion department.

Q. This department is largely used for the establishment of new industries in Quebec, is it not? A. Yes, that is one of the main functions of the branch. This department also does promotional work abroad for the sale of Quebec products, from time to time.

Q. Have any representatives been sent abroad? A. No, they cooperate with our Dominion department. Before 1936,

I think it was the Quebec Department of Agriculture which had a representative in London. The office of this representative has been abolished and I believe it is now a question in Quebec as to whether the new appointee should be an officer of this Trade and Industry Department or the Department of Agriculture.

Q. I think Saskatchewan also had a representative in London in connection with agriculture, did it not?

A. I think that province still has a representative in London.

Q. In what particular work is the representative engaged? A. He is not actually engaged in the selling of these products, but is doing work very similar to that which our Trade Commissioners do. This representative is particularly concerned with the development of trade from the province of Saskatchewan through the Hudsons Bay Route.

Q. This function would overlap the functions of your department, would it not? A. Yes, I should think there would be some overlapping there.

Q. Have you any suggestion to offer, Mr. Wilgrees, as to the drawing of any line of demarkation between the provincial and Dominion services? A. I should say, wherever it was a case of general trade promotional activities, it should be left to the Dominion government. However, I see no reason, at present, for altering from the practice which has prevailed in the past of provincial governments subsidizing trade associations to have representation abroad.

Q. Is it felt by your department that the trade commissioners should not actually bring the buyer and

seller together? A. On the contrary, we do all we can to bring them together, but we are very careful that the Dominion officers should not be identified with or responsible for the actual transactions.

Q. The Dominion representative is a third party and is not one of the contract parties? A. He is not one of the contract parties, he is an intermediary, and in no way responsible for the carrying out of the contract.

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Q. Turning to the export trade division that Major Parmelee referred to, you enumerate under that also trade routes and steamship subsidies division. Does that include the subsidized services between provinces? A. Yes, that includes all subsidized services by the Dominion Government.

Q. I notice you group those under the heading of export trade, although they are largely inter-provincial, are they not? A. Yes.

Q. What is the connection between them and export trade? A. I do not just get your point.

Q. I was just wondering why it was included in the export trade activity when it is an inter-provincial service?

A. Well, I would say it is primarily an inter-provincial service. There is an export trade service there, of course, with the steamers plying from Canada to foreign countries which are subsidized for the work they undertake in that connection.

Q. Are any of your subsidized services purely within one province? A. Yes, there are a number within one province.

Q. Would you indicate the reason for not leaving those to the provincial jurisdictions involved? A. Most of those subsidies are subsidies which have been in force for a great number of years. For example, in Quebec the original subsidizing of the provincial steamships was in connection with getting supplies to fishermen and people that were living in small towns, villages and hamlets, where there was no other means of transportation, communication. These small steamers were subsidized to look after these people and provide them with provisions and take back, you might say, their products to the market.

Q. There are also cases, are there not, Major Parmelee, of services that are subsidized by both the Dominion and

the province?

MAJOR PARMELEE: There are cases, yes.

Q. Are there many of those? A. No, there are only a few cases of that kind.

Q. What is the basis of interest of the two governments separately? A. The interest would be local products mostly in a province, such as Quebec, whereas ours are more general.

THE CHAIRMAN: Are there many subsidies to steamship lines operating wholly within the province?

A. There are a number of cases, yes, where steamship lines are operating wholly within the province; in New Brunswick, in Nova Scotia, in Quebec and in Ontario.

THE CHAIRMAN: For how long a period have the subsidies been paid?

MAJOR PARMELEE: I could not say. I could give you a brief on that whole question, if you like it.

THE CHAIRMAN: No, I just wondered.

MAJOR PARMELEE: But for a great many years.

THE CHAIRMAN: Is it a case of just continuing on?

MAJOR PARMELEE: No, it is not a case of continuing on. Unless they have some particular reason and can show us that we are assisting in a matter of helping the province and serving their people and getting their products to such points where it is impossible for them to obtain any other transportation, in that case their subsidies are continued. Quite a number of them have been cut off altogether.

COMMISSIONER DAFOE: They are revised periodically.

MAJOR PARMELEE: Where railway lines have entered these hamlets, as I said, and villages and the like, by means of which they are getting proper transportation facilities, in a great many cases these subsidies have been cut out altogether.

MR. STEWART: Turning for a moment to the publicity branch of your department, would you explain the purpose and use that is made of the motion picture bureau, Major Parmelee? A. The Motion Picture Bureau is a medium for advertising not only Canadian products but Canadian industries, both at home and abroad. Pictures are taken of the industry, pictures are taken of the mode of packing, how we function in our factories, how the goods are transported, packed and the like. These photographs are distributed through different agencies in nearly every part of the World. I think probably Russia is the only country in the World where we have not got our motion picture publicity films showing in local theatres and in schools for educational purposes.

Q. Have you any figures showing the extent to which this service is used abroad? A. I am afraid I have not got it. I thought I had something here on that.

Q. Is there a real demand for these motion pictures, Major Parmelee? A. There is a demand, yes, for these pictures.

Q. A demand that is difficult to supply? A. It has been in the past. We have had to increase our work and we have had to go into the sound field in order to keep up with the requests that we received from the different countries for our pictures.

Q. Are the pictures also used in Canada to any extent?

A. Yes, in Canada in quite a number of theatres from coast to coast.

Q. I am just wondering how that phase of the activity works in with external trade or export trade? A. It is more of an educational program really, showing the public how these goods are manufactured and packed and treated, the inspection and the like. A great many of these films in Canada are used in the schools to educate the children in

connection with the work that is being done in Canada in connection with manufacture and export activities.

Q. The same division of publicity maintains a Canadian Exhibition Commission operating largely in England, is it?

A. No, it is international, operating anywhere.

Q. But the headquarters are in London? A. The headquarters of the Exhibition Commission are in London.

Q. And the purpose of that Commission is to display Canadian goods for export? A. That is right.

Q. What distinct advantage has resulted from it? Has it been found that this activity is bringing good results?

A. I would say that the activity is bringing splendid results. We have had very very good results indeed from it. For example, three years ago we had to advertise at special exhibitions in London and Birmingham, annual exhibitions, to sell space and to get Canadian interests to exhibit. Today we cannot get enough room for the applications that we receive for space for exhibiting Canadian products, especially in the United Kingdom.

THE CHAIRMAN: Applications for space by whom? Canadian exhibitors?

MAJOR PARMELEE: Canadian exhibitors, exporters, manufacturers.

MR. STEWART: Q. Do these Canadian exhibitors pay for their space? A. They pay for their space. That is, we have a scheme of, you might say, going fifty-fifty, so that we pay half of the expense.

Q. And you feel they would not be applying for this space unless the advertising paid them? A. They would not apply if the advertising was not paying. And we have on file a great many letters to substantiate what I have stated in the matter of this publicity being a splendid medium for helping Canadian manufacturers and exporters.

Q. Just a question or two about the bounty service. I think you already stated the only case in which bounty is being paid through your department at the moment is on coal used for coking purposes? A. That is right.

Q. Can you give any particulars as to the extent to which the manufacturers of coke are using that act?

A. At the present time there is only one organization that are taking advantage of the act and that is the Dominion Iron & Steel Company, Sydney, Nova Scotia.

Q. Dominion Steel & Coal Corporation? A. Yes, they have changed the name. The Dominion Steel & Coal Corporation.

Q. They have covered the field of permutations and combinations in steel and coal, have they not? A. Yes. The last year, I might say, 1937-38/^{to} December 31st, 1937, they received in this bounty \$189,885.47.

Q. The 49½¢ is 99% or approximately 99% of the duty on bituminous coal? A. That is right.

Q. The duty on bituminous coal is fifty or fifty-one cents?

A. The duty on bituminous coal is fifty or fifty-one cents.

I think it is higher than that even. I think anthracite is fifty-one cents, and I think bituminous coal is now seventy-five cents, is it not? - Around there, I have not the figures before me.

Q. Now, Major Parmelee, other than the overlapping and duplication that may be anticipated or obtain in connection with the establishment by the provinces of trade commissioners abroad or the establishing of departments of trade and commerce, are there any other classes of work performed by your department in respect of which there is now or there is danger of being overlapping or duplication?

A. There might be a danger of overlapping and duplication in statistical services. There might be also overlapping in weights and measures. There is only one item in the weights

and measures that I think would be a duplication or overlapping, you might call it, and that is the matter of provincial governments having legislation in connection with the weight of bread, that is of a loaf of bread. This legislation was brought about principally, I would say, on account of the necessity for sanitary inspection and the weight of a loaf in order that the public would not be cheated in any way, you might say, in connection with the weight of a loaf of bread. That is the only item, I think, in weights and measures that would be a duplication. We have been asked on several occasions to take proceedings against shops for selling bread under weight.

Q. That is a matter in which the local authorities would be interested from other viewpoints possibly than that of mere weight? A. Yes. I think in every case, and I know in most cases, the administration of their regulation is carried on by the municipalities themselves with their own inspectors.

THE CHAIRMAN: Why should not the local authorities take proceedings themselves if there is complaint about the bread being short in weight?

MAJOR PARMELEE: They have the authority to do that but in some cases we have been asked to prosecute under the Weights and Measures Act, but in no case have we prosecuted, for the reason that they have on their statutes this act which provides for that, and which is carried on by the municipalities as to inspecting.

THE CHAIRMAN: The administration of justice being peculiarly a provincial function, there appears to be no reason why a man, who sells bread that is under weight, should not be prosecuted by the province as well as a man who takes bread from somebody else.

MAJOR PARMELEE: I agree.

THE CHAIRMAN: He is taking money which he has no right

to whom he is selling bread under weight.

COMMISSIONER SIROIS: I understand the Department has always refused or declined?

MAJOR PARMELEE: We have not taken a case on it.

COMMISSIONER SIROIS: Leaving that to the province?

MAJOR PARMELEE: We have left it to the province to handle cases of that kind.

MR. STEWART: Q. You mentioned statistical service as a danger point of duplication or overlapping. Would you just particularize a little bit as to where the danger exists?

MAJOR PARMELEE: I am sorry, I could not go into that, I would have to get my expert, Dr. Coats, to give you an explanation of the intricate ramifications in connection with that particular point.

Q. We had Dr. Coats? A. And I would not want to overlap Dr. Coats.. I understand he has come before your Commission.

Q. You had nothing in mind except what he would have brought forward? A. Except what he would have brought forward when he was before your Commission really, but if there is a memorandum or anything like that you would like to have I would be very glad to have that supplied.

Q. We have already had Dr. Coats. In research, is there any danger of overlapping there? A. I think there might be but I could not say in what direction. I think there might be some overlapping in research work. I understand some of the provinces have research laboratories in which they carry on research work in connection with duties of their own province.

Q. And the National Research Council would be able to speak to that more particularly? A. The National Research Council, I understand, as this comes under the Minister, it does not come under the administration of the

department. That is, the president of the National Research Council is preparing a special brief and will appear before the Commission to answer any questions on that.

COMMISSIONER MacKAY: What about the electricity and gas inspection services; is there any duplication there?

MAJOR PARMELEE: No, there is no duplication there at all.

COMMISSIONER MacKAY: The municipalities and provinces do not do anything in that connection?

MAJOR PARMELEE: No duplication.

COMMISSIONER MacKAY: The inspection service in connection with building and construction is simply for safety regulation.

MAJOR PARMELEE: Yes, they have municipal regulations in connection with it, besides that, of course they are governed by the electrical code, but that is not a duplication of our services in any way.

MR. STEWART: That, my Lord, was all I had to ask.

THE CHAIRMAN: In connection with the Board of Grain Commissioners there have been no difficulties, have there, Major Parmelee, since the Dominion passed the Act declaring the elevators to be works for the general advantage of Canada? There has been no legal difficulty?

MAJOR PARMELEE: There is no legal difficulty. There was just one small point, I will ask Dr. MacGibbon to explain that to you. There might be a difficulty in connection with section 159 of the Canada Grain Act which enables certain types of transactions in grain to take place which do not come within the Canada Grain Act, and it sort of delimits, I think you could say, the field between the two authorities. Dr. MacGibbon could probably explain that better than I could.

DR. MacGIBBON: The point is, sir, that under the Act

it is provided that grain may be sold on sample without grade names, and frequently agents who cannot get a bond under the Canada Grain Act endeavor to get into the grain business by buying grain from the farmers on sample and then if they make a loss the farmers are not able to come to the Board of Grain Commissioners and rely on the bond for their protection.

THE CHAIRMAN: That is purely a matter of property and civil rights in the province. A man buys grain from a farmer, and if the purchaser does not make his payment in full the farmer loses.

DR. MacGIBBON: That is the point, sir.

THE CHAIRMAN: You spoke about the licence. What is the provision for licensing?

DR. MacGIBBON: Under the Act the effective control really rests on what is, in effect, copyrighting the grade names and only a licensee can make use of the grade names. And as they are in common use, on the whole any one going into the business in any large degree would find he would have to make use of the grade names provided by the Canada Grain Act.

THE CHAIRMAN: I take it that the present situation of the legislation in reference to the grain trade is not wholly satisfactory and in view of the decisions of the courts you have had to adopt a round-about means to get any real control at all?

DR. MacGIBBON: Exactly, sir.

THE CHAIRMAN: You have to declare the elevators to be works for the general advantage of Canada in order to get control of the elevators, and you seek to get control of the grades by copyrighting certain names.

DR. MacGIBBON: Yes sir. That is on those two points. Then there is the control of the export trade which touches on another point. And then there is the orders to the

railways in transportation that they shall not ship out grain except from a licensed elevator. So there are really a variety of points upon which the Act rests.

THE CHAIRMAN: It would be much more satisfactory if it were quite clear, as it was once assumed to be, that the Parliament of Canada had jurisdiction to deal with the grain trade.

DR. MacGIBBON: Undoubtedly, sir.

THE CHAIRMAN: Have any constitutional questions been raised since the new act was passed based on these principles?

DR. MacGIBBON: No sir, not that I am aware of. We have had cases of farmers who have lost the proceeds of their shipments and we have been unable to help them because the men were not bonded. We have sent a recital of the circumstances to the legal department of the province in question. That is all we have been able to do.

THE CHAIRMAN: On what principle do you license men to buy grain?

DR. MacGIBBON: Largely on the basis of the business done.

THE CHAIRMAN: What I mean is, the courts have held, in short, that the Dominion cannot control the licensing of insurance agents. I was wondering on what basis the Dominion controls the licensing of men who buy grain. They cannot license those who sell insurance.

DR. MacGIBBON; I think in the last analysis it is voluntary. If they want to ship out grain, if they want these privileges, they are under control without having a licence.

COMMISSIONER ANGUS: Do you think if the Dominion had full power to legislate on marketing that that would cover all your difficulties?

DR. MacGIBBON: Anything that has come within the range

of my experience I thin. it would. I would not go beyond that.

THE CHAIRMAN: It would help an existing situation.

DR. MacGIBBON: Undoubtedly it would, I think, but that is the only point we have really encountered difficulty to date on.

THE CHAIRMAN: The question has not been tested in the courts, has it, of whether the Dominion had the right to take control of the grain trade by declaring the elevators to be works for the general advantage of Canada?

DR. MacGIBBON: No sir, not since. The Act has been drawn in accordance with the judgments.

THE CHAIRMAN: Yes, I know the present Chief Justice suggested, when they held the former Act ultra vires, that it was possible the Dominion could accomplish the same purpose by declaring the elevators to be to the general advantage of Canada. But I was just wondering if the question had ever come up for determination.

DR. MacGIBBON: Not that I know of, sir.

THE CHAIRMAN: And at present the only practical difficulty that you have experienced is in the case of unlicensed buyers purchasing from farmers and not paying, and you cannot give the farmers any assistance.

DR. MacGIBBON: Purchasing on sample.

THE CHAIRMAN: Purchasing on sample and not paying?

DR. MacGIBBON: Yes.

COMMISSIONER DAFOE: And afterwards the grain is sent in and they put it through the elevators in the ordinary way?

DR. MacGIBBON: They may, or they may ship it over the platform and handle it through an agent and when the agent remits the money to them they may convert it, you see.

COMMISSIONER DAFOE: But ultimately that grain gets into the grading system unless it is sold locally, I suppose?

DR. MacGIBBON: Yes, ultimately, the next step is it

may get into the hands of an agent of the unlicensed agent.

THE CHAIRMAN: Have you any suggestion as to how this particular difficulty could be met, other than by a larger measure of control over the grain trade?

DR. MacGIBBON: Well, it goes so directly to the question of the provincial --

THE CHAIRMAN: I do not myself at present see how you could control it unless you could enact that no one should be permitted to purchase grain who had not taken out a licence.

DR. MacGIBBON: It would go to that.

THE CHAIRMAN: That is the very thing the Dominion attempted to do in the case of the insurance companies and the Privy Council held that was invalid.

COMMISSIONER DAFOE: Is this practice fairly widespread, doctor?

DR. MacGIBBON: No, there is a certain amount of it. They are generally men that very often have made a bankruptcy and cannot get a bond, and they want to get back into their livelihood. And they are frequently quite small men who simply cannot meet the requirements of financial trustworthiness and they last for a little while and then disappear and another man bobs up.

COMMISSIONER DAFOE: Are the farmers generally aware that these men are not bonded when they sell to them?

DR. MacGIBBON: There is a good bit of advertising of one kind and another to indicate that they should deal with licensed dealers, but from time to time a local man starts up, he has a local connection, and difficulties arise. But there are not a very large number of cases. We have, of course, prosecuted men who have been using the grade names. That is a considerable safeguard, because if the farmer wants to sell or the dealer wants to sell on one or two Northern, and that sort of thing, it is an awkward

way to sell on sample.

COMMISSIONER DAFOE: But it is so unusual that I should think a farmer would be alarmed when he is not given a grade.

DR. MacGIBBON: The dealer will go to the farmers' granary and take out a sample; he will probably get it inspected and he will tell him that he will buy that grain, you see, and the price will be made right there, and it takes place under that condition.

THE CHAIRMAN: There was one question, perhaps Major Parmelee or Mr. Wilgress could answer. I notice in the memorandum you point out the difference between Canada's trade commissioners and having a general system of consuls in foreign countries; it is on page 14:

Having regard to Canada's vital dependence upon export trade and to the fact that the difficulties of doing business in most markets abroad have become infinitely more complex in recent years, it has not been thought necessary to question or to discuss here the need for the maintenance by Canada of some form of official trade representation in the principal countries with which Canadian export business is done. That need may the more readily be granted by reason of the fact that Canada is not equipped with anything comparable to the far-reaching systems of diplomatic and consular representation that have long been part of the governmental equipment of other major exporting countries.

I just wanted to ask this one question: Of course, that is a matter of Government policy but as a matter of practical experience in operating the department would it be more advantageous to have the consular representatives than the trade commissioners?

MR.WILGRESS: I think I can answer that question, your Lordship, by saying that in foreign countries undoubtedly it is a handicap that we have no consular representative, that is our trade commissioners have not the status of consuls. A trade commissioner has no recognized standing in international law or international custom so that when we appoint trade commissioners to foreign countries it is sometimes difficult for them to have the same access to foreign Government departments that a consul would have or a properly accredited representative. In British Empire countries there is no handicap through not having consular representatives because the trade commissioner has a recognized standing in British Empire countries.

THE CHAIRMAN: Do our trade commissioners in foreign countries discharge most of the functions of a consular representative?

MR.WILGRESS: The trade commissioners discharge many functions which consuls of foreign countries discharge. The chief work of consuls of other countries is in connection with trade matters, a large part of their time is occupied in looking after the commercial interests of their countries and that is the work which our trade commissioners also do.

THE CHAIRMAN: Is it any handicap to the trade commissioners, apart from access to the foreign government, that they have not the additional powers which a consular representative would have?

MR.WILGRESS: We are sometimes handicapped in the trade with a country in that we have not got Canadian officials which undertake the functions that consuls undertake, such as notarial work and protection of citizens. That field has still to be left to the British consuls. A Canadian business man going to a foreign country and seeking assistance

as a British subject, the Canadian trade commissioner cannot help him, if it is a question outside of his jurisdiction; so he often has to go to the British Consul. And also in certain notarial work in connection with documents that have to be presented later on to the courts. The trade commissioner does not undertake these functions and the consuls of other countries do. So that anyone requiring to have those documents certified or notarial work done in connection with those documents has to go to the British Consul to have them certified.

THE CHAIRMAN: Do they cooperate cordially with the Canadian trade commissioners?

MR.WILGROSS: Yes, there is no question of lack of cooperation there, it is just a question of difference of jurisdiction.

THE CHAIRMAN: Yes. Then what I was coming at was this: Why is there a handicap to Canadian trade, Mr.Wilgross?

MR.WILGROSS: There really is not any handicap to Canadian trade through the lack of those functions but we are placed on dependence of British consuls, to which it might be said we do not contribute to the upkeep.

THE CHAIRMAN: No, we get the benefit of the British diplomatic and consular service, the consular at least to the extent you have mentioned in all countries and the diplomatic in all countries where we are not directly represented, without any payment whatever.

MR.WILGROSS: Exactly, that is the case, your Lordship.

COMMISSIONER MacKAY: We contribute fees, do we not?

MR.WILGROSS: Yes, the British consuls collect fees on any of this notarial work and that is paid by whoever has the service performed.

THE CHAIRMAN: A Canadian citizen or merchant interested in Canadian trade would pay the same consular

fees as a British merchant going to the British Consul, would he?

MR. WILGROSS: Exactly. His status with the British Consul is that of a British subject.

THE CHAIRMAN: Yes, I notice you state the proposition on page 15:

The drawing of a sharp line to delimit future federal and provincial spheres of activity in relation to export trade promotion presents great difficulty. As already mentioned, this whole class of work has something of the aspect of a danger area in regard to overlapping, without presenting at the moment any actual and tangible difficulty. The fact that several provincial departments have been established to deal with trade matters - evidently designed to give some attention to external trade - suggests that it is by no means certain that federal and provincial efforts can be kept as free from duplication in future as they have been heretofore. At the same time the possibility of further development of provincial work lends little support to the belief that the Dominion Government would or could be freed from the responsibility of maintaining an adequate trade promotion service for the assistance of export business in all parts of the Dominion and in all classes of export products.

In view of these considerations, it is submitted that the stationing of officers abroad for trade promotion purposes be regarded as being primarily the responsibility of the Dominion Government, and that provincial appointments be limited to cases in which the appointee is intended to act in a capacity which a federal officer could not assume - that is, as an actual sales agent or as the representative of a

particular group of producers. Were provincial officers to be sent into markets abroad under general trade promotion assignments, overlapping effort and unnecessary expenditure would be almost impossible to avoid.

Those two paragraphs sum up the conclusions of the Department on that question, as I understand it?

MR. WILGRESS: Yes, my Lord.

THE CHAIRMAN: I just wanted to ask this further question: --assuming the provinces send trade representatives, in the sense you refer to in the last paragraph I have quoted, would there not only be overlapping but the likelihood of confusion and difficulty in promoting external trade?

MR. WILGRESS: Yes, my Lord, there would be great confusion. We would be imparting in the minds of people outside of Canada that we are a series of units. That is the province would be receiving publicity and the Canadian aspect of our trade would be less stressed. That is, I think, a very important factor which has to be borne in mind, that if the various provinces send representatives abroad there would not be the same coordinated effort for the promotion of the sale of Canadian products as such. The effort would be diffused in the sale of the products in each of the provinces.

THE CHAIRMAN: You think it would be lending color to the view there are two sovereignties instead of one in the sense in which that is sometimes used.

MR. WILGRESS: Yes. we find that in the case of the Argentine, they are talking very largely now about New Brunswick potatoes, on account of the efforts which have been made by New Brunswick down there, and there is, among potato growers of the Argentine who are not very well educated, the impression that New Brunswick is a sovereign

state and they are much more familiar with the word New Brunswick than they are the word Canadian.

COMMISSIONER DAFOE: They might think they are two different countries.

MR. WILGROSS: Exactly.

MAJOR PARMLEE: They do in cases.

THE CHAIRMAN: I suppose that is all that is to be said on that phase of the matter. Is there anything further you or Mr. Wilgross would like to say?

MAJOR PARMLEE: I do not think there is anything further, unless you have anything to say?

MR. WILGROSS: No, my Lord.

THE CHAIRMAN: Thank you very much. The information you have given us has been very interesting. That concludes our work for the morning and we will rise until 2:30 this afternoon.

AFTERNOON SESSION

The Commission resumed at 2.30 P.M.

THE CHAIRMAN: Doctor Barton, I understand you have prepared a memorandum, or statement, outlining the work of the department which you would like to present to us.

DR. G.S.H. BARTON, Deputy Minister, Department of Agriculture, was called.

DR. BARTON: Yes, I have prepared a covering memorandum, and then we have other memoranda covering the specialized services. Shall I read the covering memorandum?

THE CHAIRMAN: Yes.

DR. BARTON: This is a memorandum re Functions of the Dominion Department of Agriculture and its relations with provincial departments, prepared by the Deputy Minister of Agriculture, for submission to the Royal Commission on Dominion and Provincial Relations.

"In the hope that it will assist the Commission in obtaining the information which I understand it desires in regard to the Dominion Department of Agriculture, I have prepared a covering brief, outlining in broad terms its work and its relations with provincial departments of agriculture and agricultural colleges. Supplementary briefs have been prepared by the Directors of the four specialized Services of the Department, in which the work for which they are severally responsible is dealt with in more detail.

Agricultural services, both Dominion and provincial as now established in this country, cover a very wide field. They have developed because of the need and demand for them to deal with problems which ever-changing conditions in commercialized agriculture present. These problems begin with the

"soil, and extend through the whole field of production and marketing to the ultimate consumer. They are problems of practice and of science, and are of economic and social importance. They may be local, provincial, national or international in scope. They are often of the most complex character, and many of them are governed by a wide range of factors and conditions. Substantial expenditures of public funds are devoted annually to their treatment and solution.

Expansion in the activities of the Dominion Department of Agriculture dates from the period of the war. Until that time, the agricultural services of the Department were chiefly investigational and regulatory in character. The work of the Experimental Farms system in investigation and research was widely recognized. Regulatory and protective services were administered by the Health of Animals Branch, the Dairy Branch, the Seed Branch, and the Entomological Division of the Experimental Farms Branch. A few fundamental services designed to encourage improvement in production had been established, as instanced in the Record of Performance for Dairy Cattle administered by the Live Stock Branch, and the Cow Testing Service administered by the Dairy Branch. Registration of pure bred live stock had been centralized by the passing of the Live Stock Pedigree Act, and by the establishment of the Canadian National Live Stock Records, supervised by, and supported financially through the Dominion Live Stock Branch. Aside from such services and those available through the Experimental Farms system, work directly related to production was practically limited to the making of available of the services of a small staff of well-

"qualified specialists to assist provincial departments in developing improvement programmes relating to live stock, poultry, field crops and the dairy industry.

Possibly as a matter of convenience, but also carrying the implication that the work of the Department relating strictly to agriculture was not sufficiently broad in scope to fully occupy the time of the Minister and his administrative staff, a number of extraneous public services were at that time attached to it. These included Census and Statistics; Patents, Copyrights and Trademarks; Public Archives; Quarantine and Public Health; and Registration of Timber Marks. During the war period and immediately prior to it, these were one by one transferred to other departments.

The necessity of organizing the agricultural resources of the Dominion on a national scale for the production of food during the war shook the Department loose from the somewhat technical and academic relationship which it had with Canadian farmers up to that time. By the end of 1918, it had become intimately associated with agricultural activities in all parts of the country, and had acquired a new outlook on many production problems. Of even more significance was the fact that it had formed the nucleus of a staff familiar with agricultural commerce, and had laid the foundation on which markets intelligence services and the control of trading practices in the marketing of agricultural products were later developed.

The new activities of the Department, which had expanded so rapidly during the war, did not shrink with the cessation of hostilities. Two factors were mainly responsible for this development. The first was a general recognition, not only by the farming

"class but also by provincial authorities, that centralized leadership had become essential to the successful development of production and marketing in relation to many agricultural products. I would like to stress this point, as it embodies the keynote of at least two of the supplementary briefs covering major phases of the work of the Department as now constituted.

As an illustration of the manner in which the Department now functions in this capacity, I may, perhaps, with the advantage refer in some detail to a concrete programme -- the rehabilitation of the Canadian export bacon trade. In 1919, immense stocks of Canadian bacon which had accumulated as military supplies were sold in Great Britain. Much of this product -- cured, shipped and stored in the stress of wartime effort -- was in such condition as to create a very unfavourable reaction to Canadian bacon by British consumers. Moreover, and of much greater importance in relation to the future of this trade, was the fact that the ready sale which had existed during the war for all cured pork products, regardless of quality, had induced carelessness in breeding practice on the part of the Canadian farmer. The average quality of Canadian hogs had seriously deteriorated, and it was clear that if Canadian bacon was to be restored to the position which it had once held in the British market, and the outlet for it expanded from that point to broader dimensions, an intensive campaign to improve the quality of Canadian hogs would have to be undertaken. To that end a conference, representative of producers, provincial departments of agriculture and the trade, was called by the Dominion Department. The most important

"Outcome of this conference was agreement by the trade that, in future, hogs would be paid according to grade. Recognizing that if uniformity in the final product was to be secured throughout the Dominion, grades must be established and standards maintained by a central authority, the Department agreed to the request of the conference that it provide the staff needed to grade, on a live basis, hogs sold on all stockyards and direct to all inspected packing plants in the Dominion.

As had been anticipated, the establishment of this regulatory service resulted in the accumulation of information of immense value in the development of the production programme throughout the country. The procedure followed in utilizing this information in impressing on producers the importance of improved breeding and feeding practices serves as an illustration of the Department's viewpoint as to the most effective method of coordination interdepartmental effort, and as to the natural line of division between Dominion and provincial spheres in matters relating to production. As already pointed out, the information was assembled by the staff of the Dominion Department. It was analyzed and leads drawn from it from time to time by the Joint Swine Committee, which was appointed by the original conference to serve as an advisory body to the Department, and which still serves in that capacity. The organization work in the country was undertaken by provincial field staffs intimately acquainted with producers and conditions in the areas involved. Linking these provincial staffs with the centralized directing staff were a limited Dominion field staff and the swine graders in each province, who,

"in the course of their regular duties, had become alive to the significance of the many leads to improved production derived from marketing experience. Their specialized knowledge, joined with the knowledge of local personnel and conditions possessed by provincial fieldmen, made possible effective team work in presenting the story to producers.

As the programme developed, the Advanced Registry system was established under Dominion supervision, to provide for the recording of breeding stock of proven ability to transmit desirable market type to their offspring. An advisory board, representative of Dominion and provincial staffs, was established in connection with this service. With this board there has since been linked a central board of Dominion and provincial research men, to whom nutritional and general hog feeding problems are now regularly referred for solution, also local boards representative of Dominion and provincial staffs who supervise testing stations now operated by the Dominion Department in several provinces.

It will be clear, I think, that close coordination of effort on the part of Dominion and provincial staffs--fieldmen, markets men and research workers -- has been observed in the prosecution of this programme, which in the course of sixteen years has been developed to the point where bacon is now graded for export under Dominion supervision, and where producers who are marketing hogs of high quality and yield are now able to secure a maximum return on the basis of grading on the rail, instead of alive. The real progress made is indicated by the fact that when an opportunity occurred for Canada to obtain an assured place for her "

"bacon in the British market under the terms of the Ottawa Agreements, our producers were in a position to take advantage of it. Exports of bacon and other cured pork products to the United Kingdom, which totalled 30,000,000 lbs. in 1932, have increased annually to a total of approximately 190,000,000 lbs. in 1937.

This achievement, illustrating as it does the importance of national leadership if genuine progress is to be made in the development of any phase of the agricultural industry, was reached step by step, and in the face of constitutional difficulties in providing the regulatory service. It admittedly involved a material increase in the staff of the Dominion Department, the cost of which has, however, been negligible when set against the resulting increased revenue to Canadian producers.

Similar illustrations of the constructive development in production and marketing of other agricultural commodities might be given if time permitted. In the poultry industry, for example, a programme vigorously promoted under national leadership, and based on the elimination of guesswork on the part of the consumer in regard to the quality of produce offered for sale on the domestic market, has made this one of the most consistently profitable branches of Canadian agriculture during the past twenty years.

Returning to the broad consideration of continued expansion of the activities of the Dominion Department since the war, a reason second in importance to the necessity of national leadership in the treatment of agricultural problems, but one which would in any case have contributed greatly to such expansion, was"

"the increasing difficulty experienced by many provincial departments in financing work generally regarded as being essentially within the field of provincial responsibility. Such difficulties became acute in a number of the provinces faced with shrinking revenues in the depression years.

The Department has therefore been under the necessity of continuing grants and subventions to an increasing number of agricultural organizations, particularly fairs and exhibitions, - a responsibility which it has assumed as a wartime measure, and which, under more favourable financial conditions, might well have been returned to the provinces, to whom it might properly seem to belong, except in the case of a few national or interprovincial scope.

In addition, the Department by invitation became associated with one provincial department after another in the supervision and financial support of joint policies, particularly those relating to sire assistance and junior farmers' clubs. Details in respect to such activities are summarized in the brief prepared by the Director of Production Services. Some of them, such as junior club work, which are essentially educational in character, are admittedly in the provincial field of jurisdiction. The Department has, however, in each case assumed responsibility only to the degree requested by the provincial department concerned, and the basis of a carefully consolidated plan of administration and supervision. Without such assistance since 1930, much of this extension work would have been seriously curtailed, if not entirely discontinued. While active participation by the Dominion field staff in extension work so definitely educational in character may not be continued indefinitely, it has, in the

"meantime, the advantage of adding to the Department's knowledge of everyday farm problems, and of maintaining a well-balanced outlook on the part of the administrative staff.

In the last four years, as a result of widespread recurrence of drought in the Prairie Provinces, the Department has been drawn into administrative work, involving intense application of effort on the part of many of its most responsible executives and field staff, and the expenditure of large appropriations. These remedial and relief measures have been undertaken as a national responsibility because of the obligations involved in the settlement and development of the Prairie Provinces, and also because of inability of provincial authorities to provide the staff and the funds to cope with the emergency. Prairie Farm Rehabilitation work, while a long-term programme, is regarded as a separate field of activity in the Department, for which special funds are provided. Despite its importance to vast areas of Western Canada, it is perhaps unnecessary for me to take up the time of the Commission in detailed reference to it, since in this whole undertaking no encroachment by the Dominion Department on provincial spheres of responsibility would have occurred had the emergency not been one of national importance.

The administration of Agricultural Relief in the Prairie Provinces, which is imposing an additional load on the Department at the present time, will, it is hoped, prove to be only a temporary necessity, and I have assumed, therefore, that it lies somewhat outside the scope of this inquiry.

I trust that up to this point I have, by illustration and by inference, succeeded in indicating to the"

"Commission that in the development of its work, the Department has not been unaware of the vital importance of avoiding overlapping of services. It is not surprising that in respect to services embracing so wide a field, the opinion should be not infrequently expressed, and sometimes in high places, that a serious and avoidable duplication of Dominion and provincial activities exists. It is unfortunate, however, that such an opinion should too often be so readily accepted by the public, and that it should be taken for granted that the need for co-ordination has been, and still is being overlooked.

As this is the phase of the subject in which the Commission is no doubt most directly interested, reference should be made to definite steps which have been taken by the Department in bringing about co-ordination, to the degree to which it has been attained, and in checking tendencies toward overlapping which have developed from time to time.

At the outset, it may be well to refer to the fact that there is a possibility of overlapping occurring in the work of the several Dominion departments, and that there have been times when it has been necessary to correct such developments. As a concrete instance, I might cite negotiations extending over a considerable period, before the respective fields of the National Research Council and those of long-established investigational and research services of the Department of Agriculture were in all respects clearly defined and agreed upon. Instead of duplication of effort and conflict in direction, which might easily have occurred in matters relating to agricultural research, there is now an admirable spirit of co-operation, and, through a number of"

"small interlocking committees, the facilities and staff of the Research Council are being utilized as a complement to those of the Department in dealing with problems, upon the solution of which further progress in certain marketing and production programmes may in part depend. Examples of the many problems which are at present being jointly attacked in this manner are those relating to transport and storage of chilled poultry under commercial conditions, frozen storage of poultry, dechilling of poultry and eggs, curing and processing methods affecting quality and palatability of bacon, milling and baking qualities of newly developed rust-resistant varieties of wheat, etc.

While at no time in its history has the Department lost sight of the need of co-ordinating its work with that of provincial departments of agriculture and agricultural colleges, it has during the past five years taken a definite lead in focusing attention of all agricultural staffs in the Dominion on this question as a matter of primary concern. It has repeatedly arranged for conferences at which the ministers of agriculture, Dominion and provincial, with their respective administrative staffs, thoroughly reviewed agricultural programmes, analysed inter-departmental relationships, corrected tendencies toward overlapping, and discussed future development of policy.

The first of these interdepartmental conferences was held in Toronto in August 1932. It was fully representative of all agricultural services, both Dominion and provincial, and devoted three full days to the discussion of problems relating to all phases of the industry. Subcommittees were appointed to"

"review work in which the several departments were engaged, and to draft recommendations as to how further progress in each field could best be made. While the reports of these subcommittees were received and discussed by the conference as a whole, they were dealt with much more exhaustively, and in some cases amplified, at an interdepartmental conference held the following summer in Regina, at the time of the World's Grain Congress. Subcommittees, appointed at the latter conference to deal with activities in which both Dominion and provincial staffs were engaged, were directed to embody in their reports recommendations as to how co-ordination of effort could best be maintained.

Possibly the most important outcome of the Toronto conference was the appointment by it of a National Advisory Committee on Agricultural Services. The plan on which the committee was organized provided for provincial units and a national administrative executive to ensure continuity between conferences, and to recommend the development of further organization where necessary.

The provincial units which have been developed in co-operation with the National Advisory Committee are not all organized along similar lines. Some of the provinces have followed the plan very closely, while other provinces have followed along lines which had been developed previously. In all provinces, however, it is evident that the work of these national conferences and the subsequent provincial conferences and committee meetings has given a decided impetus in the whole field of co-ordination, and that very definite results have been accomplished.

"The executive of the National Advisory Committee has met from time to time, and there has been in a position to consider proposals that have been made either by its own members or by others connected with different phases of the work. In so far as the development of supplementary organization is concerned, the record is not a very formidable one -- only seven national subcommittees having been established. There has been deliberation behind this rate of progress, however, as the executive has not been desirous of establishing any unnecessary machinery, and it is only when there has been an obvious need for a national co-ordinating committee that one has been established.

The following national committees have been set up to date: -

- National Barley Committee
- National Committee on Seed Grain
- Agricultural Outlook Committee
- Regional Committee on Soil Drifting
- National Beef Committee
- National Sheep Committee
- National Feed Committee

In addition to the committees appointed by the National Advisory Committee, a number of equally important, and many smaller co-ordinating committees have been named from time to time to provide for collective consideration and direction of activities in which the Department and other organizations are engaged. Research, investigation, production and marketing are all represented in the field of these committees. For convenience of reference, a complete list of them, with notes in regard to the representation and purpose of each, has been prepared by the Director of Science Service, and is attached to his brief.

In the fall of 1935, and again in the fall of

"1936, the Honourable Mr. Gardiner brought the provincial ministers of agriculture together in Ottawa for a full discussion of policy and of inter-departmental relationships. At the first of these conferences, a complete outline of the work for which he was responsible was given by the head of each Branch of the Dominion Department. In each of these reports, special reference was made to procedure which had been followed to avoid overlapping of services and to action which had been taken by inter-departmental agreement to reallocate fields of activity when any tendency toward overlapping had become apparent. While, in the discussion on these reports, provincial ministers were invited to bring to the attention of the conference any adjustments in administrative responsibilities which they felt were desirable, it was gratifying to note the unanimity of the opinion expressed by them -- that a fine degree of coordination had been attained in respect to research, investigational and field services, in which overlapping was most likely to occur and too widely believed to prevail.

In respect to one of the most important spheres of administration, however, the Dominion Department is at present placed in an anomalous position, and is unable to discharge, effectively, responsibilities widely conceded to be logically within its field. Serious difficulties of a constitutional nature have been encountered by its Marketing Service in attempting to establish enforceable control measures, more particularly inspection and grading regulations.

There has never been any question of the jurisdiction of the Dominion Government in respect to "

" enactments governing the movement of agricultural commodities interprovincially or on export. Administrative difficulties arise from the fact, however, that the ultimate destination of such commodities cannot be determined with any certainty at the time of their assembly in the province of origin, for sale or for completion of processing. This is the only time at which their separation into grades, according to prescribed standards, can be effectively performed, and is therefore the time at which all of any product that is potentially eligible to move, interprovincially or to export markets, should be inspected and graded. The desirability of all such grading being done under centralized authority is apparent, since, otherwise, uniform adherence to prescribed standards could not be assured. Such authority should include regulation of trading practices for the protection of the producer in the marketing of his products, and to ensure that price differentials based on grade will revert to him as an encouragement to improvement in production.

In the past, practically all provincial governments have by legislation expressed their willingness to centre, in the Dominion Department, regulatory control of all agricultural products potentially eligible for interprovincial or export shipment. The Department has endeavoured to exercise such control without interfering with that exercised by municipalities in respect to healthfulness of foodstuffs offered for local sale -- a field of provincial responsibility which it has not desire to invade. Its right to exercise that control which is so desirable and so important has, however, repeatedly been successfully challenged in the courts. That a"

"number of Dominion-wide grading and control services have been maintained over a period of years has been due mainly to the care taken to avoid the necessity of court action. It is scarcely necessary to point out that administration on such a basis does not make possible aggressive promotion of constructive marketing programmes.

This handicap to Dominion-wide control of the marketing of agricultural products is of vital significance to so many phases of the work of the Department that detailed reference to it in the supplementary brief prepared by the Director of Marketing Service has seemed to be warranted. The inadequacy of enabling provincial legislation, which constituted the first approach to a solution, has been dealt with, and the delays and uncertainties surrounding the present cumbersome procedure of depending upon parallel provincial legislation to consolidate control under Dominion administration have been outlined. I understand that the Commission has arranged to secure, through other channels, information bearing on this administrative problem, which from the standpoint of the Department is the one in most pressing need of solution.

In conclusion, I would like to refer to the fact that in addition to endeavouring to co-ordinate its services with those of other departments, both Dominion and provincial, the Dominion Department of Agriculture has paid a great deal of attention to the co-ordinating of its own services. For example, some four years ago the Live Stock Branch of the Department, which had developed extensive marketing and field services directed through a number of divisions,

"was reorganized. The activities of fieldmen, which had previously been somewhat specialized, and related in each case for the most part to only one class of live stock, were broadened out to cover all classes of live stock. Without destroying flexibility in administration, the direction of all live stock field work, and of all marketing activities relating to live stock, were respectively centralized.

Within the past year, the whole Department has been completely reorganized, as the Commission is no doubt aware. The work of the Department, which was formerly administered through separate and distinct branches, has been consolidated into five Services -- General Administration, Marketing, Production, Science and Experimental Farms. It is anticipated that among the advantages of this regrouping are the checks which it will provide against duplication of facilities and personnel in parallel fields of administration, and the association of services that are closely related. As stated at the outset, the details of the work of the Department for which each of the new specialized Services is responsible is covered in supplementary briefs prepared by the respective Directors. These will be presented personally, or will go forward attached to my own brief, as the Commission may direct.

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THE CHAIRMAN: This will be marked as Exhibit No. 167.

EXHIBIT NO. 167: Memorandum re Functions of the Dominion Department of Agriculture and its Relations with Provincial Departments.

THE CHAIRMAN: Are there some questions you wish to ask about this Brief, Mr. Stewart?

MR. STEWART: I think not on Exhibit 167, my Lord. But there are some questions arising on the Supplementary Briefs.

THE CHAIRMAN: There are one or two questions which occurred to me, which perhaps are dealt with in the Supplementary Briefs. You speak of the rehabilitation programme in the west. You have not dealt with that in any of the Briefs?

DR. BARTON: No sir, not in the Brief submitted, but we have a special Brief prepared on it, and we can submit it if it is desirable.

THE CHAIRMAN: It may be you have no information relating to it, - perhaps it does not naturally fall under your department but rather, under what used to be the Department of the Interior, and still is, by name. The question I want to ask is this; what is the area of good, agricultural land available for settlement in the prairie provinces which is not at the present time under cultivation. Have you any information in the Department on that question?

DR. BARTON: We have some information. I do not know that I would care to make a very definite statement in respect to it. Dr. Archibald may be somewhat more familiar with it than I am, and I do not know whether he would care to make a statement.

MR. E.S. ARCHIBALD, Director of Experimental Farms, Department of Agriculture: I think there is no such

information of a very accurate nature available. Our statistics show that we are cultivating each year in the west, including the fallow, in the vicinity of 55,000,000 acres in the three prairie provinces, and that represents practically 80 per cent of the so called good, agricultural land in the west. But there has been no very accurate survey made; it would have to be done through the municipalities in each province, as to the available land which is not being worked, and which may be owned by mortgage companies, or banks, or foreign investors, or others, and which has not been broken. We have no survey of that kind, either through the census of statistics or through the provincial departments.

THE CHAIRMAN: Dr. Taggart, the Minister of Agriculture for Saskatchewan, made a statement to us which has occasioned a good deal of comment and a good deal of surprise in some sections of the press. He stated that practically all the land suitable for cultivation as agricultural land was now under cultivation in the province of Saskatchewan. That is, there is no appreciable area of any real size in that province suitable for settlement that was not now under cultivation. I wondered if you had any information which would confirm or qualify in any way that information from Mr. Taggart, who is a very competent man.

DR. BARTON: As Dr. Archibald points out, we have no actual data, but I think our Department would subscribe to that view.

THE CHAIRMAN: Well, then, in the province of Manitoba I think the Deputy Minister of Natural Resources expressed the view that there was very little land in that province suitable for cultivation which was not now under cultivation; but counsel for the government disagreed with that view and said that was not the view of the government, the

view of the government was that there are still substantial areas in the province of Manitoba suitable for cultivation. You may not feel like expressing any opinion on it. If you do not, we will not press it.

DR. BARTON: I do not think we would take as definite a view with respect to Manitoba as we would with respect to Saskatchewan.

THE CHAIRMAN: Well then, are you in a position to express any opinion about Alberta?

DR. BARTON: Yes, without being in a position to supply actual data. I think the view of the Department would be - this is my own personal view, after a visit last summer to the Peace River District - that there are still substantial areas in the province of Alberta suitable for farming, - to be settled.

THE CHAIRMAN: Well then, one other question, because it touches so many questions affecting the economic life of the west, and their capacity to carry the burdens they are carrying: is it reasonable to expect that farming will become in any part of the province of Saskatchewan more subsistent farming than it is today, so that the farms will be of smaller size, or will the tendency be to larger areas, or to maintain existing areas?

(Page 4775 follows)

DR. ARCHIBALD: That would depend, sir, upon the rainfall and the type of soil. Might I revert to your previous question; there are two factors in reference to the available land which are not usually thoroughly investigated. The first is that land which has not been cultivated but which is in good agricultural regions with fair rainfall, but which has been held for speculation, is so often spoken of as being under cultivation; this is not so. This land is eventually available for production. The second point is where careful soil surveys which are being conducted by the province under the guidance of and with the material assistance of the Federal Department of Agriculture, will reveal these areas of grey bush as well as the black soil areas which have not been settled and which are really fit for settlement. There are many grey bush areas north of the North Saskatchewan river in Saskatchewan and both north and south of it in the province of Alberta. These areas are unfit for agricultural purposes, although they appear to be good land when first cleared. It is only by means of a careful soil survey that these lands which are capable of carrying a human population for a definite type of agriculture are revealed. The next question is one which will have to be answered very generally. In the short grass country which has been more or less defined by the Palliser triangle, it is rather safe to say that the trend will be the reorganization of agriculture to suit the population--or rather the reorganization of the population to suit the population carrying power of the land. The trend will be towards larger

units and probably a better type of mechanizing. This applies in a rather general way to the areas of higher precipitation and also to the better soils in connection with the large tracts such as the Regina plains, the Regina clay area, the Rosetown clay areas and so on. Under normal conditions, these areas have higher precipitation and the land is very strong--very rich, so it will probably carry as dense or a more dense population than at present. This is especially true if the adjacent sub-marginal soils are properly organized and utilized for the development of the people who are on better land. Then, with the development of irrigation, not large scale irrigation, but the type to serve the livestock needs in the marginal areas, particularly the grain area to guarantee against a food shortage--these will be factors which will indicate the carrying power and the general trend of the shortgrass country. This trend will be towards larger farms in the areas of high precipitation and the trend will probably be towards smaller farms and greater diversity, both in the livestock policy and the policy for the cash crop, not necessarily wheat, as there are many other cash crops.

THE CHAIRMAN: Would you feel justified in expressing an opinion as to whether one could look forward to an increase in the population of Saskatchewan in the near future or are we to assume that Saskatchewan has reached its maximum population, I am speaking from an agricultural point of view?

DR. ARCHIBALD: One important point would have to be assumed--probably the economic surveys conducted jointly by the university and this department in the prairie farm

rehabilitation work, especially in the marginal areas, will reveal that in these areas south of the main line of the C.P.R., we probably have reached the saturation point insofar as the population is concerned.

THE CHAIRMAN: We had the soil survey presented to us at our Regina sittings by one of the professors of the University of Saskatchewan, Dr. Mitchell, I think. It was based on that, no doubt, that Mr. Taggart expressed his opinion and observation which he has given concerning the population. Then, the idea that these western plains will some day have twenty or thirty million people was an allusion or delusion, based upon present information at least.

DR. ARCHIBALD: Yes, if one were to judge from the present available statistics concerning the crops which can be grown on that type of soil and with the information concerning the limited precipitation which is essential to the members of the grass family such as wheat, oats, barley, and so on. However, we might some day find a drought resistant legume which would mean they could grow crops such as soy beans. This would widen the scope of production and it might make some material change in the estimation of the carrying power of the south country.

THE CHAIRMAN: Then, it all leads up to this, for practical purposes, this Commission must look at the situation as it exists in western Canada to-day when it considers the tax paying capacity of the people. We must look upon Saskatchewan for the present at least, as having attained what might be called normal population; one cannot expect a very material increase in the near future.

DR. ARCHIBALD: I would say that is correct.

THE CHAIRMAN: How far would you apply that to either Alberta or Manitoba? If you do not feel that you can answer this question, I do not want you to give any answer. It is a very difficult problem, but it becomes very important in considering the whole situation in the west. The Commission felt, after the representations which were made to it, that the Commission should be given the benefit of all the light which could be obtained on this point.

DR. ARCHIBALD: Judging from a precipitation standpoint, which I believe is the most important in determining agricultural production, I would say that it would not apply to Manitoba to any appreciable degree, only to a very small corner in the southwest portion of the province. It would apply from the main line of the C.P.R. south, in Alberta, but of course, it would not apply to the irrigable areas where a special form of agriculture is carried on. It would apply along the main line of the C.N.R., along the Saskatchewan boundary in a Alberta, but elsewhereⁱⁿ the province of Alberta, it seems to me that the potentialities for rural development are much more elastic.

THE CHAIRMAN: In Alberta?

DR. ARCHIBALD: Yes.

THE CHAIRMAN: The possibilities would be more elastic than those in Manitoba?

DR. ARCHIBALD: No, because they are still subject to a lower precipitation from Alderson up to Edmonton, for example.

THE CHAIRMAN: Alberta is?

DR. ARCHIBALD: Alberta--the Peace River country is in a very low precipitation area but is also in a very low evaporation area, and as a consequence, they are getting more for their water, as it were.

THE CHAIRMAN: Evaporation is an important point in connection with precipitation; it was explained to us in Regina that the rainfall was not so different in many of these sections insofar as amount was concerned, but it was the extent of evaporation which, in many cases, determined whether there was sufficient moisture to produce a crop.

Then, on page eight of your memorandum Dr. Barton, you refer to these junior farmers clubs. Would you mind summarizing the extent to which the Dominion department assumes the financial responsibility in connection with these clubs?

DR. BARTON: Well, there are two types of club assistance, one in the form of services. Under this form of assistance our staff helps to direct the clubs. The other method of assistance is financial. A very small amount is provided for each club in the form of prizes for little competitions.

THE CHAIRMAN: Is it your organization or that of the provinces, which gives these prizes to the farmer clubs all over Canada, I mean the young man and young woman clubs?

DR. BARTON: It is by arrangement between our Department and the provincial departments.

THE CHAIRMAN: I know every winter at the Toronto Winter Fair there are groups of young people who come to the Fair after having won the leadership in judging various kinds of livestock in their own province. Then these people

compete at the Winter Fair with those from the other provinces.

DR. BARTON: That is correct.

THE CHAIRMAN: Both the Dominion and the provinces contribute to the support of these clubs, do they not?

DR. BARTON: They do; the winter fair is really the final competition for the prizes in the different activities.

THE CHAIRMAN: How do you estimate the value of these clubs, Dr. Barton?

DR. BARTON: I think these clubs are extremely valuable. The work is entirely constructive, and to my way of thinking it develops in those young people an element of leadership which is an aid to their respective communities. I think that has been demonstrated, although the clubs are not so very old, in the different parts of the country. The club members, when they assumed responsibility for themselves, on their own particular farms, have taken a position of leadership and responsibility.

THE CHAIRMAN: Those who have won prizes in these competitions have subsequently shown an ability in dealing with farm problems, at least have shown leadership in dealing with these problems.

DR. BARTON: That is correct.

THE CHAIRMAN: I must say I have very often been impressed when I have seen these groups coming from all parts of Canada--I have been quite impressed with what appeared to be evidence of their industry and their ability as well as the appreciation of it which was shown

by all those interested in livestock breeding.

COMMISSIONER DAFCE: Dr. Barton, in the last fifteen or twenty years, have the activities of the Dominion department widened to such an extent that you have encountered some objection from the provinces on the ground of encroachment by the Dominion?

DR. BARTON: Not since I have been connected with the department, sir, which is for the past six years. Some questions have arisen as between the province and the Dominion which called for some adjustment. This has seldom been the case and there has not been much difficulty in arranging cooperation. However, there have been times, I believe, when some question as to the field of activity has arisen. I do not think that this has been the case in recent years, though.

THE CHAIRMAN: There are just a few other questions; this national advisory committee on agricultural services, how is that organized?

DR. BARTON: It is a committee representative of the Dominion and provincial Departments of Agriculture, the National Research Council and certain commercial organizations such as the railways which maintain agricultural services. The railways have representation on it as well as the universities.

COMMISSIONER MacKAY: Are there any records of these conferences, have you the minutes?

DR. BARTON: Yes, we have reviews of the two conferences to which I have referred.

COMMISSIONER MacKAY: Would they be available to any of the members of our staff?

DR. BARTON: Yes, I think so.

THE CHAIRMAN: There is one other question which is a rather important one and has reference to grading and marketing. If the Dominion were given jurisdiction over marketing as was suggested to us by the government of Nova Scotia, would that, do you think, meet the situation which you have in mind?

DR. BARTON: Yes, that is really what we think is necessary, although we recognize that there are certain aspects of marketing, which perhaps belong to the province and which we are not anxious to assume. This would apply to more localized matters.

THE CHAIRMAN: Would you draw a definition between general marketing and such municipal regulations as might relate to the quality of meat or milk or some other marketable product which would naturally remain in the municipal or provincial field?

DR. BARTON: Yes, that is correct.

MR. STEWART: I would like to ask a few questions on the Brief prepared by Dr. Archibald, Director of the Experimental Farms Branch.

DR. E. S. ARCHIBALD, Director of the Experimental Farms Branch, was called.

BY MR. STEWART

Q. Would you indicate briefly the activities of this branch insofar as they meet with the activities of the provinces, either agricultural colleges or universities?

A. The Dominion Experimental Farm system with the central experimental farm at Ottawa and twenty-four branch and farm stations across Canada as well as some fourteen special stations and two hundred illustration stations, covers a wide variety of soil and climatic

conditions, not covered whatever by the provincial institutions existing in the provinces of Quebec, Ontario, Manitoba, Saskatchewan, British Columbia and the three agricultural colleges affiliated with the agricultural faculties of universities. These institutions do a considerable amount of experimental research, but in certain stages of agriculture, they do not do any research. It is sometimes stated that there is duplication between these Dominion experimental farms and these agricultural colleges. There are certain phases of the experimental or research work which the universities do not do, but there is also a great deal of cooperation between the experimental farms and the universities in the detailed subjects such as the differences surrounding cereal production or soils or whatever the question might be. There is actually no duplication of experimental or research work. If you would care, I could, perhaps, just make a comment on some of the major phases of this work.

Q. I was just going to ask you about that, Dr. Archibald, take field husbandry, for instance. A. Field husbandry insofar as the experimental farms are concerned, deals essentially with soils, soil fertility and cultural crop practices. Due to urgent national importance, one of the major studies undertaken by this branch is the study of soil drift control and soil moisture conservation in the western provinces. This is being done in cooperation with the rehabilitation work. Finally, there is the question of agricultural engineering in relation to crop production. The small amount of work which is being done in the universities is in complete accord with the work which is being done by the experimental farms.

Q. Is everything that is being done by the province also being done by the Dominion? A. Not necessarily; very

often in research work such as that being done in connection with soils in the prairie provinces in dealing with the drought situation, the work is divided up. A soils research laboratory is established in the experimental farm and there are also small soil laboratories in the three universities. These universities have been in some ways materially aided financially from our cooperative fund. Insofar as soils research is concerned, each of the three university laboratories have taken separate problems. Each of these three problems are part of the general work in soil research. The three universities meet regularly to consider not only soils research, but certain classifications of the work to which you refer.

Q. Now, the next division is the division of cereal creations and testing. A. There again, we occasionally hear statements that there is unnecessary duplication in this work. The creation of new varieties of cereals and the testing of those imported varieties--the agricultural colleges, Macdonald, O.A.C. at Guelph, and Manitoba, to a very small degree, Saskatchewan and Alberta to quite a marked degree, have done and are still doing considerable work in plant breeding. There is a plant breeders committee representing the plant breeders in the Dominion and provincial institutions which is functioning very satisfactorily. The types of crops and the types of problems are so clearly defined that there is no possibility for duplication. In fact, what I have said regarding cereals applies equally to forage work. This is one of the phases of plant breeding which has been included in our work. Actually we cooperate with the universities in a variety of work and because of the

limited funds and the limited staffs of these universities, we have supplied staffs for the universities, not only for investigation work, but for teaching as well.

Q. I notice that you say at the end of the forage investigation, that the Ontario Agricultural College and the Macdonald College in Quebec have given considerable attention to forage crop work and the problems which are local in scope? A. They are dealing with the problems which are peculiar to those regions. The forage crop work done in Ottawa is entirely different. I might cite, for example, the work done in connection with soy beans. The soy bean as developed in the forage work done at O.A.C. proved to be a very good variety which is well known and is used in southern and central Ontario. However, this variety is of no use here, so our division at Ottawa has been working on the creation of a more suitable variety for our climatic conditions which is more severe than that of southern Ontario. The same thing would apply to the work which is being done at Macdonald College; in that case, we have another variety of climatic conditions and this college looks after the problems arising out of these climatic conditions. Here at Ottawa, we look after the problems peculiar to the upper Ottawa region. I might say that this being the headquarters for plant breeding, there is much more work done in this connection on the experimental farm here than is done anywhere else. Fully fifty per cent of the breeding work done in the creation of rust-resistant wheat was done here and the remainder was done in the rust-resistant laboratory at Winnipeg.

Q. There are a number of points, are there not, at

which the Dominion and provincial activities meet?

A. There is very little work done by the provinces in horticultural development from an experimental research standpoint. This has been due, largely, to the lack of adequately trained men. There were comparatively few provinces in Canada which seemed to lend themselves to horticultural work sufficiently to create what was comparatively a large department at a university. The Ontario Agricultural College with its facilities such as low temperature chambers and the experimental station at Vineland which is also under the control of the horticultural department at Guelph have dealt with the problem of soft tree fruits. They have left for the Ottawa experimental farm, the research problem in connection with apples, as it is located in a district where apples can be grown readily, and where crops of peaches grapes, and the like cannot be grown so readily. You will find in the case of horticultural experimental research work, there is a very clear cut distinction between the provincial activities, including the colleges and the experimental farm system--there is a clear cut division on the basis of research work.

Q. Is there any other work done in the various provinces than that which you have indicated is being done by Ontario? A. In horticulture?

Q. Yes. A. The Macdonald College in Quebec does a small amount of very good work. However, this college has not the staff necessary for some of the larger research problems such as the physiological breakdown of apples. This concerns the disorders to which the apple is subject as they are grown and the breakdown in storage.

British Columbia has depended almost altogether on the Dominion experimental farmstaff at Summerland to do this work. There is very excellent work being done in the research branch by the experimental farms research staff. In Nova Scotia, the establishment of the experimental station at Kentville was on a cooperative basis. The provincial authorities purchased the land and turned it over to the federal department providing the federal department would carry on all the research work. There is no attempt by the province to duplicate what it set up on a cooperative basis.

Q. Have any steps been taken to prevent duplication and overlapping? A. In all this work, the committees which are set up insofar as special problems are concerned, prevent this overlapping. We have very excellent work being done in the research field by the combined staff of the Guelph and central experimental farms and the same thing applies to the Quebec Agricultural College. Problems such as the physiological disorders of fruits, the storage of celery and one or two other major problems in horticulture are matters in which the federal and provincial men are working jointly.

Q. You feel that these joint committees do eliminate, as far as possible, any overlapping and duplication?

A. The human factor comes in there and so long as there is a shortage of men and a limited fund available, the possibility of duplication is almost negligible.

Q. Now, the next service referred to is tobacco investigation. Is there, in your opinion, any duplication in that branch? A. No, neither the provincial departments of Quebec, Ontario or British Columbia, the three provinces in which commercial tobacco is produced, are doing any experimental research work in their colleges. There

is however, a large amount of cooperative work done by the farms and the colleges and they have added very materially to some of the phases of correlated investigation such as the chemistry of tobacco. The provinces of Ontario, Quebec, or Manitoba, commercially engaged in the production of fibre crops, have not done any experimental or research work along these lines. There is no duplication, yet we help in certain commercial phases and we are very closely in touch with the provinces on any production programme which they may have.

Q. The next main branch is animal husbandry; is there any duplication or overlapping in that branch?

A. Occasionally one hears that duplication exists because both the provincial and federal institutions may have a number of cows of the same breed. These cows are there for a special purpose on the farms, usually for experimental work, while the colleges' main idea is to have animals for demonstration purposes. I would say, not only is there no duplication, but in the splendid working committees which we have in the eastern society of animal production and the western society of animal production, as well as the special committees to which Dr. Barton referred, such as the bacon committee, we have the best possible cooperation between the federal and university men. There is no duplication.

Q. Poultry investigation is the next division.

THE CHAIRMAN: Just a moment, before you pass from this question, Mr. Stewart. Does that branch of which you have been speaking cover the class of work which Dean Shaw formerly did at Saskatchewan in connection with experiments in cross breeding?

MR. ARCHIBALD: Yes, and this is the example of the cooperation of which I have been speaking. At the time Dean Shaw inaugurated his programme for the cross breeding of sheep, the federal government assisted him as well as the research council. Two other breeds of sheep were also involved, one at the experimental farm at Lethbridge, the Carriedale sheep, and one at Manyberries, Alberta, dealing with the Romney sheep. The fact that Dean Shaw, the federal department and the research council were working together with these sheep indicates that they had the same object in view. It might be urged that not one, but several thousands were responsible for that part of the programme. This is an example of the experimental work which is done at the University of Saskatchewan, O.A.C., Macdonald College and the other institutions. Some of these colleges are doing most important work in animal nutrition which is well known to the federal men. The federal men are doing work along the same line so they are working together on the committees to such an extent that the possibility of useless duplication, or even unnecessary repetition is fairly well eliminated.

Q. Insofar as poultry investigation is concerned, I understand that some of the provinces are carrying on very similar activities to those of the Dominion. A. No, the activities in which the provincial colleges are engaged are not quite similar. The Ontario Agricultural College at Guelph has been engaged in a large amount of poultry research work. Macdonald College has been doing very good work on the nutritional factors affecting the quality of poultry products. Most of the other colleges have done very little research in regard to poultry.

The central experimental farm, on the other hand, has had certain activities which are not found at all in the provincial field. For example, we have had egg laying contests which have been the basis upon which registration has been developed and the source of information concerning family lines of poultry and breeding programmes. Insofar as the experimental research work in nutrition is concerned, the workers are pretty well acquainted with what each party is doing. If they do happen to be dealing with the same feed or foodstuff, it is generally on a different type of programme. This can be illustrated by our programme for swine, which is really being more or less duplicated by the poultry programme. This originated from a request received from the grain board as to the relative value of barley as compared with corn for feeding purposes. It was for this reason that a series of experiments were started by the barley committee dealing with barley both by the experimental farms and the agricultural colleges. We are all working on the same programme.

Q. I notice in your memorandum at page nineteen you say, "Insofar as this division is concerned injudicious overlapping has been eliminated". A. That was rather careless phraseology. Wherever there is duplication, it is planned duplication. That is what I meant to say.

Q. Now, the next division is illustration stations. I understand that one or more of the provinces have demonstration farms or demonstration plots, is there any overlapping or duplication of services in that respect?

A. Several of the provinces in Canada, at one time or another since Confederation, have aspired to run demon-

stration farms. The purpose of this being to demonstrate to the farmers in the community how a farm could be run profitably. It is a rather notable fact that all the provinces have discontinued this type of farm just as quickly as they could.

THE CHAIRMAN: You think that the provincial governments have failed to show the farmer how he can make farming profitable?

DR. ARCHIBALD: I think many wealthy men who have attempted the same thing have failed also. I have no doubt that some of these men had the same purpose in mind, they desired to show what systematic methods could do in the matter of making profits. However, they have all demonstrated that by the time you have added to the overhead the cost of all hired labour, you are at a considerable disadvantage as compared with the ordinary farmer.

BY MR. STEWART

Q. The illustration station has a different purpose, has it not? A. One province which has so-called demonstration farms or demonstration stations, is the province of Quebec. This is an active programme carried out in the different counties, whereby one or more farms are established with the farmers owning the property. This illustration station is for the purpose of demonstrating what can be done after some financial assistance has been rendered, particularly in the matter of getting the farm reorganized and demonstrating to the farmer how quickly his revenue can be built up and his farm established on a profitable basis, if he follows the proper methods.

(Page 4800 follows)

Many of those farms in Quebec to my knowledge did excellent work but it seems to be the policy of the present Government to discontinue these as fast as the leases expire. Now, these illustrations, sir, are entirely different. They do not attempt to utilize the farmer's whole premises, we rent from the farmer only such land as may be needed for that particular purpose. The purpose of the stations are twofold, first, they are essentially fact finding. They are taking to the community the results of experimental work on the soil and crops particularly, taking to that community the results of the work at the various experimental farms or college farms, as the case may be, and attempting to experiment under the slightly different soil and climatic conditions the possibility of these crops. And the second and obvious thing, of course, is that succeeding or failing, as the case may be, they are a demonstration to that degree. They afford a splendid opportunity for checking many, many phases of soil and crop, fertilization, new varieties of crops or the relation of crops to soil and climate, and many similar phases of work connected with soil and crop production. The term of rental is three years. The Government's investment is almost nil. The farmer receives the crop, he receives a small rental per acre, but in turn he must keep accurate records, he must farm under direction on this area at least. He must be always available to give information to his neighbors or any visitors who come in. And so there is not very much I think for the farmer. On the other hand, if the right men are chosen, these stations form a very reliable source of information and it is rather noteworthy that in provincial service more and more the results of the work of the illustration stations that are guaranteed by men who are trained in accurate field and

soil and crop work are used in their analysis of agricultural production problems in the municipalities.

Q. The next branch is Apiculture. As I understand there is only one experimental apiary and that is in Ontario?

A. Yes. You mean provincial?

Q. Yes? A. Yes, that is right.

Q. Is there any duplication of effort as between the Dominion and the province of Ontario? A. No. And even though it were an actual duplication of each experimental project it would be necessary because of the different climatic conditions between western and eastern Ontario and the susceptibility to disease.

Q. Saskatchewan University does some work? A. They have a small demonstration apiary only.

Q. But that does not involve any duplication? A. No, not in the experimental work.

Q. The range investigations? A. The Dominion Government through the experimental farm work are conducting in the West range investigations, that is range per se; done nowhere but in Western Canada.

Q. Where is that being carried on? A. A sub-station at Manyberries, Alberta, and a sub-station at Tranquille, B.C., were set up for that purpose, but certain aspects of the work are being done at the experimental farm as well.

There also is a work that does not say that the universities have been altogether remiss as a result of the problem of range deterioration which has been very serious, as you know, during the past fifty years; but they have never had the funds to establish a unit to actually, on the ground, study the long-time program to improve crops or to discover the practices which were causing rapid deterioration.

Q. So there is no opportunity for duplication? A. No, but we have splendid cooperation from any of their men, particularly their animal men, for any work which may require

animals.

Q. Silver fox researches? A. The only experimental and research work done by any of the provinces is the province of Quebec, they have a demonstration fur bearing station in which they may be doing a small amount of experimental work, but practically all the government work is done at the silver fox station at Summerside under the Dominion jurisdiction. There is no duplication. The province of Ontario at one time had a very good station at Kirkland Lake which has been discontinued.

Q. That was Dominion, was it? A. No, that was provincial.

Q. Mr. Archibald, dealing with the situation as a whole, are there, in your opinion, any activities being carried on by the provinces that could more efficiently or more economically be carried on by the Dominion with regard to those provinces? A. I know of nothing of any significance.

I think the work that is being done by the Universities in so far as experimental work and research work is concerned, is up to its present degree at least a very important part of the problem of training young men and the difficulties more and more which we have in the Federal Service with all those various units to fill the ranks with well-trained young men, men with an excellent agricultural background and a good research training. It is becoming more difficult each year and as long as there is a clear-cut co-operative feeling between the federal men and the universities in any phase of experimental work which may appear to be a duplication, you can be assured that there is no money being wasted.

Q. But their work is largely as a basis for their instructional work? A. That is certainly one of the main reasons,

sir. The main activities in our research program and experimental farms are of Dominion-wide importance and many of the provinces have no facilities whatever for carrying on

research work or experimental work and many of the provinces working as isolated units, as they did in years gone by, are not tackling these problems from a national or Dominion-wide standpoint.

MR. STEWART: That is all I have to ask.

THE CHAIRMAN: Dr. Archibald's brief will be exhibit 168.

EXHIBIT NO. 168 : Brief submitted by Dr. Archibald re experimental farms branch.

MR. STEWART: There are a few questions I should like to ask Dean Shaw on the subject of marketing. Perhaps it would be well to mark his brief exhibit 169 now?

THE CHAIRMAN: Yes.

EXHIBIT NO. 169 : Brief submitted by Dean Shaw on activities of marketing service.

DEAN A.M. SHAW, Director of Marketing Service, was called.

BY MR. STEWART :

Q. The principal difficulty, as I understand it, that runs throughout the whole of this service is the constitutional difficulty of making your regulations applicable not only to inter-provincial and export trade but also to intra-provincial trade. Am I correct in that? A. Correct.

Q. And the real object and purpose of the marketing service is summarized in this sentence, I would judge:

"Efficient marketing of agricultural products under standard grades of quality is recognized as the keystone of Dominion policy to promote agriculture."

That I understand is the underlying purpose of your service?

A. Yes.

Q. Would you just indicate very briefly the sub-divisions of your service and the underlying difficulties you have in making them effective? A. They are set out in order

here: The Live Stock and Live Stock Products Act is the first

one mentioned. It has to do with the regulation of livestock in stock yards throughout Canada and livestock products that originate from the livestock so regulated.

Q. And the activity looks to grading as the principal

objective? A. That is the principal objective. In some instances it has extended more rapidly than others, - in egg grading for both domestic and export; dressed poultry grading, domestic and export, bacon grading is just for export and hog grading is domestic; beef grading is at present for domestic consumption; and then in the stock-yards we have charge of the maintenance, operation and construction, the bonding of commission merchants, dealers and traders, and approval of trade practices. They operate under this Act, and up to the present time have worked out very satisfactorily.

Q. In the regulation of the stockyards there is no conflict with the provincial activity, is there? A. No, no actual conflict with it at all in any of the provinces.

Q. The difficulty is provincial jurisdiction may prevent you from making your regulations wholly effective?

A. That is true.

Q. You might explain with a little more detail the difficulties you have experienced with egg grading; I think perhaps that is typical of all the difficulties your service runs into? A. Yes.

Egg grading legislation was first enacted in 1918 and covered only inter-provincial and export shipments. Amendments were introduced in 1922 covering import shipments. This legislation required the grading of eggs according to Government standards, and Departmental inspection, for export, import, and interprovincial shipments, and its constitutionality was never questioned.

In 1923 legislation was introduced requiring the purchase and sale of all eggs by grade. The authority of the Dominion to legislate with respect to transactions beginning and ending in a province was contested in the Ontario courts in 1924 in the case of *Rex vs. Collins*. It was ruled in that case by Judge Grant, that such legislation was ultra vires of the Dominion and that the existing Dominion regulations as they respected matters of intraprovincial commerce were therefore invalid.

Shortly thereafter each province passed legislation giving the Dominion power to enforce the egg regulations within the provinces. This legislation, known as "enabling legislation", was brief in form and stated substantially that "if and insofar as the Dominion Live Stock and Live Stock Products Act and the regulations thereunder were outside the jurisdiction of the Dominion and within the jurisdiction of the province, they should have the force of law within the province".

Administration of the legislation was continued for several years on this basis but in 1934 the validity of the provincial enabling legislation was questioned before the Appeal Court of Saskatchewan in the case of *Rex vs. Saslavsky*. It was the contention of the Appellant in this case that the Provincial legislation exceeded its authority inasmuch as it purported to give to the Dominion authority to enforce legislation, which authority it did not possess under the British North America Act. The appeal was allowed and the provincial enabling legislation was declared invalid. Subsequently, in 1935, similar judgments were given by the Appeal Courts of Alberta and Manitoba.

In each of those provinces the difficulty evoked by

the judgments referred to has been circumvented by the provinces passing egg grading regulations, in precisely the same form as the Dominion regulations in full as their own legislation and naming the Dominion inspectors as inspectors empowered to enforce the Provincial legislation. Similar legislation also has been enacted in Ontario.

At the moment the egg grading regulations, insofar as they affect matters of intra-provincial commerce, are being applied in Alberta, Saskatchewan, Manitoba and Ontario under full provincial legislation. In other provinces they are still being applied under the old, brief form of enabling legislation.

Q. Is it satisfactory operating under these enabling statutes? A. It is or has been until the question has come up and in each case it has been declared ultra vires. As long as it is not questioned it runs along fairly smoothly.

Q. The experience in the egg grading activity is simply an illustration of what your division has to meet in every piece of regulatory work that is attempted to be put into operation? A. I think it is typical. I do not think there are any exceptions all the way through. It illustrates it.

Q. In connection with the grading and inspection of fruits and vegetables, do you obtain full provincial co-operation?

A. Yes.

Q. Would you explain the present status of the legislation as between the Dominion and the provinces in connection with inspection and grading of fruits and vegetables?

A. The Dominion jurisdiction in respect to the requirements is unchallenged under the fruit and vegetable acts.

Until very recent years the same grading and packing (but not inspection) requirements were, at

the request of the industry, enforced in respect to intra-provincial shipments under authority of provincial "enabling" legislation defined in terms somewhat as follows:

".....insofar as the provisions of the Fruit Act (Canada) may be beyond the jurisdiction of the Parliament of Canada and within the competence of this Legislature they shall have the force of law in this Province as if enacted by this Legislature."

Q. You indicate the difficulties and objections to operating under any such enabling legislation in your brief at page 8. I would just like you to explain the four difficulties you run into with such enabling legislation.

A. This method of providing for the desired control may prove effective, but, as illustrated below, is nevertheless a cumbersome procedure, likely to result in much confusion and possibly in serious duplication of services.

Now, these four objections referred to are:

- (1) Any amendments to the Dominion act or to regulations established under its authority cannot be enforced in respect to intra-provincial shipments, except on a voluntary basis, until corresponding amendments have been made to the provincial act or regulations.
- (2) Provincial authorities may depart from Dominion standards in establishing grades, with resulting confusion to growers, to the trade and to the consuming public. There is a possibility also that, with a view to hampering the sale of competing products originating outside its boundaries, a province might so apply its standards as to necessitate the regrading at destination of shipments which, under Dominion standards and certification,

have been free to move into the province.

- (3) In the case of a province in which marketing legislation, duplicating that of the Dominion, is in effect, and enforced by the Dominion, the demands of the province in respect to control of intra-provincial movements may at times encroach upon the primary duties of the staff in respect to export and inter-provincial trade. As a solution, the provincial authority may appoint additional inspectors of its own, a procedure which, despite efforts to closely co-ordinate the direction of the two staffs, may result in confusion and overlapping.
- (4) Again, a province which has enacted legislation paralleling that of the Dominion, may decide to appoint its own inspection staff for the enforcement of regulations governing produce grown within its boundaries. In such circumstances, the shipper or receiver who is handling produce originating both within and without the province may insist on having all graded under the one authority, as may also the grower who is shipping inter-provincially as well as intra-provincially. Such situations create administrative difficulties, since, if the request is complied with, it may be regarded by the province as an encroachment upon its authority, and if not complied with, the applicant may properly feel that he is the victim of an illogical display of officialism.

Q. In the inspection and grading of processed fruits and vegetables, your method of operation there is to issue permits to the factories engaged in canning and the manufacture of jams, pickles, etcetra? A. Yes.

Q. The permit is for export and inter-provincial trade?

A. It is assumed they are for either export or inter-provincial, yes.

Q. But it expressly does not apply to the factories whose products are for sale within the province of manufacture?

A. No.

Q. Does that cause any marketing difficulty as between a factory operating under a permit and one not operating under a permit? A. Sometimes. Sometimes they are handling both, a factory produces both for domestic consumption and also part of its output for export or inter-provincial trade.

Q. That factory would be complying with the Dominion regulations as to its whole output, I suppose? A. Yes.

Q. And it would be coming into competition with a factory selling its entire product within the province which did not comply with the Dominion regulations? A. Yes, direct competition. Those factories of that kind, up to the present, are mostly small and now, but they are increasing.

Q. Are any of these factories that are not operating under Dominion permits regulated in any way by the province?

Is there any provincial regulatory legislation?

A. For the most part there is a certain amount of regulation in all the provinces for the type of work, in some more detail than in others, more drastic than in others.

Q. You also have a service that inspects and grades maple sugar products? A. Yes.

Q. Does that come into conflict with any provincial legislation? A. No, that does not conflict with any.

Q. There is no duplication there? A. No.

Q. And there are no special difficulties to be met with in the operating of your inspection service? A. Well, the only point would be the inter-provincial movement of the product. Standards for maple products have to provide for proper labelling and so on. Legislation is necessary.

This legislation should be uniform throughout the Dominion in order that different maple products cannot be put on the market indiscriminately which might occur, can occur, unless the regulations are uniform throughout.

Q. Now, your grading and inspection of dairy products.

There is a good deal of provincial legislation or municipal regulation covering that, is there not? Fresh milk, for instance?

A. Only a fresh milk market, fluid milk, largely of that kind. Other commodities like cheese and butter are under the Dominion regulations.

Q. And they are not interfered with by any provincial legislation? A. Only in the question of production.

Q. And what provincial legislation comes into conflict there?

A. There is no conflict in it, they have that under their jurisdiction, the production end of it.

Q. Would you just indicate what difficulties are created by the fact that both the provinces and the Dominion are in the field? A. The problem there is not different from any of the others.

Q. It is the same as the egg grading? A. It is the same as the egg grading in the question of conflict, just exactly.

Q. And so far, therefore, as the dairy industry is concerned you have left the inspection of milk and cream in the fluid state to the provinces to regulate? A. Entirely.

Q. Through their municipal bodies. And the Dominion's inspection is largely in the manufacture and sale of butter and cheese and evaporated milk? A. Yes, processed products.

Q. I notice on page 18 that New Brunswick has established and Ontario is drafting regulations under provincial acts almost identical with those under the Dominion Dairy Industry Act. Are those regulations designed to provide a new inspection and a new grading by those provinces or

are they designed to assist the Dominion in its inspection and grading? A. Designed to assist. They recognize the difficulty of enforcing Dominion regulations within the province and are developing this method of assisting in having them enforced without conflict.

Q. Now, in connection with the marketing service, there is carried on a Markets Information Service? A. Yes.

Q. Would you indicate briefly the scope of that work?

A. This work is based on the securing of basic information on which market reports are issued with regard to prices, quantities, location of the quantity of the product, the movement, all of the factors that have to do with moving that product from the original processing plant until consumption. It takes in all of the commodities, livestock, and livestock products, dairy products, fruit and vegetables and is divided up into a number of specific services. There are daily reports furnished; in certain commodities weekly ones, monthly, and then yearly reports which capitate the whole season's activities. The service is intended to be of value not only to the producer and consumer but to the trade in general. It has a bearing on all three factors in connection with it and an effort is made to present it in a form that will be of value to these three groups.

Q. Are these statistics compiled by your branch or are they obtained from the Bureau of Statistics? A. I would say both. Certain statistics are compiled direct by some groups in the agricultural service, others are obtained direct from the Bureau of Statistics. There is a difference there.

Q. Would it be possible to have all of the statistics collected by the Bureau and made available to your Department? Would that make for any greater efficiency or economy? A. One might describe it this way: Certain

of the statistics that the Bureau uses are compiled by officials of the Department of Agriculture who happen to be in a position to get them, and that is the source in which they go to the Bureau. So we could either get it in a round-about way or we can get it directly in cases of that kind.

Q. In the field of agricultural economics would you indicate briefly the line of demarcation between the Dominion responsibility and the provincial responsibility as you view it? A. One of the differences worthy of note is the investigation that involves export trade or foreign agricultural policy that may have an effect or direct bearing upon Canadian production. I think that is the field of the Dominion Department of Agricultural Economics.

Q. Yes? A. A question of the studies throughout Canada, the production of a similar commodity, for instance the production of milk or the production of butter or cheese, any of these products, covers a large number of provinces in Canada and consequently cannot be completely stated by any one province. That is another field they are active in. The researches in connection with price structures or movements of agricultural commodities in Canadian markets, throughout Canada as a whole, are distinctly Dominion. There are a number of others that are assisted or handled cooperatively. The investigation into certain types of production in a certain province. There is no over-lapping there but there is co-operation in a number of fields, in connection with farm management, in connection with the fruit industry, we will say, in one province, like Nova Scotia or in British Columbia, although the production is in one province, the marketing of the crop is all the way across Canada and elsewhere and cooperation in securing the

information that has a bearing on that industry has definitely to be a part of Dominion activity.

Q. And the activities that fall on the other side of the line and are definitely of a provincial nature are what?

A. Farm management problems could fall in either case, but they can be taken care of provincially very satisfactorily, an analysis of farm management and cost of production on a group of farms in one province. That is one of them.

There are milk marketing problems that have to do with certain cities, certain local areas; they are provincial.

Q. As for instance? A. Well, the city of Toronto, a good example. The production of milk for that particular market, the consumption of milk, is local. The same might be true, we might mention the city of Winnipeg, or any other place across Canada. A local problem which does not seem to fall directly into a Dominion activity.

Q. Yes. Would the difficulties that you experience in your division or service largely disappear if the Dominion were given jurisdiction over marketing? A. I think they would largely.

Q. Would it be necessary that the jurisdiction be made exclusive? A. You mean exclusive to embody all commodities?

Q. Yes? A. I am not sure that that would be necessary.

I am inclined to think that certain commodities might be optional. That is, a province might quite properly have jurisdiction over certain fields of activity, but if the time came when that activity overlapped the province, as it were, became of national importance, then it would seem to me that Dominion legislation should supersede it.

Q. Would it be satisfactory in your opinion if the authority to legislate were concurrent, on terms, however, that until the Dominion did legislate the provincial legislation would stand, but when the Dominion legislated then its legislation would override inconsistent provincial

legislation? A. I am not sure whether I could answer that it would be satisfactory. That plan would appear to have some considerable merit.

Q. For instance, in milk for city and town use that would be left, in the first instance, at any rate, to local regulation? A. That is distinctly municipal, I think.

Q. And there might be other things that fall within that classification? A. Yes.

Q. But there might come a time when the Dominion would feel it had to be regulated by a national policy? A. Yes.

Q. And then would be time enough for the Dominion to direct the policy. You said generally speaking the difficulties would be solved if the Dominion were given control of marketing. Was there any suggestion or hesitation in your mind about that, that there might be some difficulties left still? A. With regard to the grading and the regulation policies in regard to commodities, the actual marketing may vary somewhat; but the control of the product in establishing grades and making them uniform and standard throughout Canada, it is essential that they are one responsibility.

Q. Of course I had grading and standardization as the principal feature of marketing - one of the principal features of marketing? A. Well, I agree that they would be much better, yes.

MR. STEWART: I think those are all the questions I have to ask on exhibit 169.

THE CHAIRMAN: As there are no other departments ready, we would like to finish this session this afternoon and we will sit for a short time longer. How long do you think it will probably take?

MR. STEWART: The other two will take very little time as compared with the first two. I should think twenty

minutes would probably finish it. The next is in connection with production services. That is Mr. Rothwell.

MR. G.B. ROTHWELL, Director of Production Services, Department of Agriculture, was called.

BY MR. STEWART:

Q. Under this service you might indicate, Mr. Rothwell, what services are included in the production division?

A. There are virtually four services included in that group, sir. There is the plant products service. In the old organization of the department it was known as the seed branch. That possibly is a little clearer. The Plant Products Service, the Plant Protection Service, I might explain that by saying that that was a part of the duties that were carried out by another branch of the department, the entomological branch, prior to this amalgamation. There is the Health of Animals Service which has heretofore been referred to as the Health of Animals Branch. And in the fourth is the Livestock and Poultry Production Service, which was formerly the Livestock Branch of the Department.

Q. Mr. Rothwell, does there exist any overlapping or duplication as between the four services you have just referred to and the provincial activities? A. No, I could not tell you of any that exist. That is there may be some few instances where we may be out of our field but as Dr. Barton, I think, very clearly illustrated in his brief, it is with the common consent and understanding with the province. But I do not know of any case. We have been very careful in the matter of duplication or replication of the work.

Q. And where you are out of your field, as it were, you are there at the request of the province? A. Quite so.

Q. That is unable to do the work? A. Quite so.

COMMISSIONER MACKAY: Is that the case in the work you are doing in New Brunswick, in the case of the saw-fly inquiry? You supervise the saw-fly inquiry?

MR.ROTHWELL: I think that would hold true there, too, sir. New Brunswick really has no service that is comparable or that would conflict in any sense with the service we have.

COMMISSIONER MacKAY: Their forestry branch is really that of survey and conservation?

MR.ROTHWELL: Yes.

COMMISSIONER MacKAY: It does not apply to investigation?

MR.ROTHWELL: Well, they might work in co-operation with us, but there would be no conflict with the plant production work that is carried out by this group of the federal department.

MR.STEWART: Q. It is under your division that the junior club work comes, does it not? A.Yes.

Q. Would you just explain what assistance the Dominion gives to such work? A. The general plan of assistance is a fifty-fifty contribution between the province and the Dominion to the competitions. It is a relatively small expenditure involved in each province to the club competition each fall. I think the chairman mentioned the Royal as the final field, the final competition. Prior to this there are competitions held which are relatively a small expense and the Dominion and the province equally contribute to that. Now, the administration of this work with the exception of two provinces is a provincial expenditure. There are two provinces where the Dominion has done all that work and that was one of the instances where I mentioned we might be out of our field, sir. In the province of Prince Edward Island and the province of Quebec we supervise that work entirely.

Q. That was because the work has not been taken up by the provinces? A. Well, in the province of Prince

Edward Island it is a small amount, but we look after all that work. In the province of Quebec the Dominion incepted this club work some years ago and they have made considerable success with it and we have always been requested to maintain our supervision of it. We are really out of our field in that case.

Q. In the case of Quebec where the Dominion also provides the administrative work, what is the reason for that?

A. That is, you are still speaking of club work, sir?

Q. Yes? A. In the province of Quebec, while they have a large staff, extensive staff or field staff of their own, seeing that some years ago the Dominion had incepted this club work and they had built up a very strong organization, they felt we were in a better position to carry it on and they make their contributions to the financial end and we carry on the administrative end, which is the large end.

Q. It is still carried on on the basis of the equal contribution to the expense? A. Yes.

Q. It is also through your division that grants are made to the fairs and exhibitions? A. Yes sir.

Q. The provinces also make grants to these fairs and exhibitions, do they not? A. Yes, in all cases to larger fairs and in nearly all cases to the secondary group of fairs.

Q. Are the grants of the Dominion ear-marked for special services? A. Yes sir, for the payment of prize moneys.

Q. Is that done in co-operation with the provinces to see that there is not too much given for any particular type of competition? A. Yes, to a certain extent, we work very closely with these fairs and competitions. We actually supervise and check their prize lists and so forth.

We have statements from them, we know exactly where our money goes and the whole matter is rather carefully checked

all the way through.

Q. Is there any general basis on which the Dominion contribution is made for these purposes? A. Yes. You mean any definite grants to different groups of fairs?

Q. Yes? A. Yes sir.

Q. What is the basis? A. It has varied possibly over the years in the past. At the present time there are three groups of fairs in Canada to which the Dominion contributes. There is the Class A fair; you are familiar with those, such as Ottawa and London and so forth. There is the Winter fairs, the fairs held during the winter, of which there happen to be fourteen at the present time. And then there is the secondary fair, Class B fair, which is one of the larger county fair type to which we contribute. There are some forty-four of those in Canada at the present time. I might tell you this, sir, that we contribute on a basis of fifty-per-cent of the prize money; that is, we pay up to a maximum in our grants to those fairs, in the class A fairs. We pay up to a maximum of \$3000, providing they expend \$6000. That is on a basis of fifty per cent. We will pay up to a maximum. If the contribution of the Fair Association to their prize list exceeds that, why, we pay up to \$3000.

Q. I notice in your brief it is \$4000? A. While actually that statement is correct in a sense, to these fairs we pay a straight grant of \$3000, there are two specially ear-marked additions to that of \$100 each, which makes a total of \$4000.

Q. To winter fairs your contribution does not exceed \$5000? A. Yes.

Q. Class B fairs, \$2500? A. \$2500.

(Page 4820 follows)

Q. And those are the only classes? A. Those are the only classes of fairs to which the Dominion government contributes in Canada.

MR. STEWART: I do not think there is anything else I want^{to}/emphasize particularly there.

THE CHAIRMAN: Just one question. Could you tell me how much you expend on the Health of Animals Branch?

MR. ROTHWELL: I do not know whether we have our ---

THE CHAIRMAN: Do not trouble, I thought you would have it in mind. It is easy to get that elsewhere.

MR. ROTHWELL: It was rather in the neighbourhood of \$1,750,000.

THE CHAIRMAN: Thank you. It always seemed to me large as compared with what they spend on the human animal.

MR. ROTHWELL: A great deal of this has to go for the purposes of compensation of animals that are slaughtered.

THE CHAIRMAN: Because of disease?

MR. ROTHWELL: Yes.

MR. STEWART: The memorandum which has been filed by Mr. Rothwell should be marked Exhibit 170.

EXHIBIT NO. 170: Memorandum Re Functions of the Production Services of the Department of Agriculture and its Relations with Provincial Departments.

MR. STEWART: Dr. Swaine, has prepared a memorandum on activities of the Science Service of the Department of Agriculture, which will be filed as Exhibit 171.

EXHIBIT NO. 171: Memorandum on activities of the Science Service of the Department of Agriculture, and its relations with Provincial Departments.

MR. STEWART: I just want to ask Dr. Swaine one or two questions.

DR. J.M. SWAINE, Director of Research, Department of Agriculture, was called.

BY MR. STEWART:

A. Dr. Swaine, would you indicate the various branches under which the activities of your department are carried on? A. There are five divisions, sir; Entomology, Botany and Plant Pathology, Animal Pathology, Agricultural Chemistry, and Agricultural Bacteriology, and Dairy Research.

Q. In connection with entomology would you indicate the relations you have with the provincial authorities dealing with the same subject? A. Several of the provinces

have a provincial entomologist; Quebec, Nova Scotia, and Ontario. The others have, in some cases, a Professor of Entomology in the Agricultural College whose duties mainly are confined to teaching. In Nova Scotia the Provincial Entomologist confines his attention to extension work.

The research in entomology in Nova Scotia is carried on by the federal service in cooperation with the provincial; the same is true in Quebec. In New Brunswick there is a provincial entomologist, who deals with taxonomic and museum matters, but not field research. All the field research in entomology in New Brunswick is carried out by the Dominion officers. In Ontario, the situation is a little different. They have a larger entomological staff, but the field work is coordinated between the federal and the provincial officers, so that there is absolutely no duplication, but a very fine degree of coordination.

Q. And throughout you find no duplication or overlapping?

A. Absolutely none that I have been able to detect.

Q. As to botany and plant pathology activity, would you state what the relations of your department are with the provincial department? A. The situation there is that nearly all the research in plant pathology has been, and

is being carried out by the Dominion department. There are professors of plant pathology, a few of them, in the provinces in provincial universities and agricultural colleges, whose duties mainly are teaching, who do carry on some research work but their work is coordinating with ours very successfully. All investigation work in plant pathology has been carried out by the federal department.

Q. Then in animal pathology --

THE CHAIRMAN: Just before passing on, is there not a good deal of work done at Guelph?

DR. SWAINE: In plant pathology, animal pathology, and entomology?

THE CHAIRMAN: Yes.

DR. SWAINE: Of course, teaching is the main object of the work at Guelph, but they have done a considerable amount of research, which has been coordinated with the work of the federal department. And they carry on in Ontario, as the provincial officers do in the other provinces, extension work in both entomology and plant pathology.

THE CHAIRMAN: But you say there is no overlapping between that and your Dominion work?

DR. SWAINE: I know of none.

BY MR. STEWART:

Q. In the field of Animal pathology, Dr. Swaine, would you explain the relations between your division and the provincial departments? A. The work of the division in animal pathology is, in the main, research on animal diseases. They carry out also a considerable amount of service work of two types; one is the manufacture of biological products for diagnostic purposes, tuberculin, and so on, which is used in support of federal regulations and acts. And also

they carry out diagnostic service to a greater or less extent. But there is no overlapping in any sense in animal disease research; as a matter of fact, the animal disease research men are so few in this country that it would be inconceivable that there could be any wasteful duplication for many years to come.

Q. For instance, the Ontario Veterinary College, there is no overlapping or duplication of service between the work they do and the work done by the animal pathology service? A. No, I know of none. The Ontario Research Foundation, has investigations in progress on mastitis and Bang's Disease, but there again, they are in close touch with Dr. Watson and his staff at Hull, and there is no duplication.

Q. Have they formed committees whose object is to prevent overlapping and promote coordination? A. There are, but not so many in connection with animal disease, because the amount of work in research is so small throughout the provinces in animal disease.

Q. Agricultural chemistry. Would you indicate the relations between the provincial departments and the agricultural chemistry services of the Dominion? A. The division of agricultural chemistry has been, in the main, a service division in chemical analysis for other divisions of the department. They carry out the chemical analysis in soils and plant products for the divisions of the Experimental Farm services and cooperate with them very closely. They undertake certain researches in soils and in animal nutrition. They are in close cooperation with the Experimental Farm Service and with the provincial Departments of Agriculture, and officers in the provincial institutions, - agricultural colleges.

Q. In your opinion, is there any overlapping or duplication

A. No sir.

Q. None at all? A.. None that I know of.

Q. Then in agricultural Bacteriology? A. The agricultural unit in agricultural bacteriology is very small, and this work is confined mainly to Ottawa, with the exception that there is a distribution of inoculants. That is simply distribution, it is not in any sense duplication of any work done by the provinces, but there is a very small limit, - the work is confined practically to Ottawa.

Q. Do the provinces carry on any activity at all in the line of agricultural bacteriology. A. I do not know of any professorship in that field. There is work done in the universities on it; there is work at Macdonald and Guelph particularly in that field.

Q. But it does not parallel or overlap the work done by the Dominion? A. No. In fact, at Guelph, - the Professor of Bacteriology in Guelph has one of his officers in exchange with one of our divisional officers at the present time.

Q. Lastly, the Dairy Research service. Would you explain the work of that service and its relations with the provincial departments. A. The dairy research unit was formerly in the dairy and cold storage Branch. Its activities, I might explain best by reading a paragraph of this Brief:

"The activities include the study of problems arising in the processing of milk, in the manufacture of butter, cheese, ice cream, condensed milk, dehydrated milk, casein, milk sugar, fermented milks and by-products, and bacteriological, chemical and other research work for the purpose of establishing sound principles of manufacture in the dairy industry. The group confers with and advises dairymen and

"managers of dairies and milk product factories in regard to new problems requiring scientific treatment. It is also called upon to ascertain and develop the most appropriate methods to be applied in the making of high grade and uniform dairy products and to investigate and apply remedial measures to new defects which arise from time to time in manufactured products."

And there again, there is no duplication whatever with the provincial institutions.

Q. Has there been any work done by the provincial departments along those lines? A. There is some, but I really do not know of very much.

Q. You cannot specify what work is done by the provinces?

Q. I do not know of any definite department. I understand Guelph has some work in progress, but I do not know how much.

Q. Is there no work of that character being carried on in Saskatchewan or Alberta? A. Well, that work has just come to my attention, and I am not familiar with the work which is being done in agricultural colleges. Dr. Barton, or perhaps some one else might answer as to what is being done in the provinces.

DEAN SHAW: I might say in Saskatchewan the dairy department there is largely responsible for teaching, but in addition they do some research work in connection with taints in butter for instance, would be a good example; bacteriological counts in local milk supplies, provincial supplies in various parts of the province, - things of that kind.

Q. Is that not very much the same service as done by the Dominion Dairy and Research Service? A. It is probably similar, but it certainly does not conflict or overlap. The work they are doing there is a local type of work, - it is

not touched by anyone else.

Q. Is it a service that could be taken over by the Dominion Dairy Research Service without any loss of efficiency?

(Page 4828 follows)

DR. BARTON: Well, I think with respect to the dairy research work, we have practically the same situation which we have in some other fields of work, that is to say, in all this college or university work it seems essential to have some investigational work which fits in with the facilities and personnel of the college. They do, of course, depend upon the resources which they have. In some of the colleges and universities, they are able to feature certain lines of work, but these are the exception rather than the rule. Teaching is the first function of the college. Now, when it comes to Dominion services, that is quite a different thing. We are not concerned with teaching, we are concerned with investigational work, so we assume the responsibility for the whole field. We recognize the contribution which a province could make, and to this extent the province cooperates with us. Cooperation or even duplication may seem essential. Insofar as investigational work is concerned, particularly in regard to the commercial features of it, that work has been covered by the Dominion department. Insofar as the products which are on the market and the problems which arise from them are concerned, that is with respect to the production of these products, their preservation and the problems which arise in connection with them in the process of marketing until they reach the consumer and are consumed, all these problems have been handled by the Dominion. We are constantly being pressed to do more work in this respect, and there is certainly no duplication. This point has been emphasized by everyone who spoke this afternoon.

COMMISSIONER MacKAY: I would like to ask Dr. Swaine

one question; is there any duplication between the research work done by the department of agriculture and the research work done by the National Research Council?

DR. SWAINE: No, sir, quite the contrary. The work of the National Research Council in agriculture and the work of the Department of Agriculture have been coordinated splendidly; particularly through this series of joint associate committees.

BY MR. STEWART

Q. The work of the organizations bringing together the scientific work in that particular field is carried out by the universities and agricultural colleges.

DR. SWAINE: That was done with the cooperation of the National Research Council and the Dominion Department of Agriculture. This scientific agricultural work is an example of the excellent cooperation which obtains between the two institutions. There is no duplication.

THE CHAIRMAN: Dr. Barton, we thank you and your colleagues for the information which you have given us. It will be duly considered. The order-in-council, under which this commission was appointed recites that the cost of government has been materially increased by the overlapping and duplication of work between the Dominion and provinces. We have been in search of this duplication for some months, and so far we have not had much evidence of it.

(The Commission adjourned at 5.00 p.m.,
Wednesday, February 16, 1938.)

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